

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

GILBERT P. HYATT .
Plaintiff, .
vs. . Docket No. CV 05-2310-RCL,
09-1864, 09-1869, 09-1872
JOSEPH MATAL . Washington, D.C.
October 11, 2017
Defendant. .
.x 10:09 a.m. - Volume 3

TRANSCRIPT OF BENCH TRIAL - DAY 3

BEFORE THE HONORABLE SENIOR JUDGE ROYCE C. LAMBERTH

UNITED STATES DISTRICT JUDGE

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Exhibit H - Part Two

1 Court Reporter: Cathryn J. Jones, RPR
2 Official Court Reporter
3 Room 6521, U.S. District Court
4 333 Constitution Avenue, N.W.
5 Washington, D.C. 20001

6 Proceedings recorded by machine shorthand, transcript
7 produced by computer-aided transcription.
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| (By Mr. McBride) | 4 | | |

E X H I B I T S

| <u>Defendant's Exhibit Number</u> | <u>Marked</u> | <u>Admitted</u> |
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P R O C E E D I N G S

THE COURT: The witness can resume the stand.

DIRECT EXAMINATION [Cont'd]

BY MR. McBRIDE:

Q Good morning, your Honor. Mr. Morse, yesterday we had left off we had been talking about -- we've been walking through some of the claims amendments in each of the four applications at issue. And we talked about how those amendments had been filed after there is this 1995 meeting with director Godici, where the applicant agreed to focus his claims.

And then in 2000 through a series of amendments the claims grew to, I guess, 117,469. We had gotten through some of the examples of those claims amendments. And you had also explained some of the difficulties in examination.

MR. McBRIDE: Your Honor, permission to approach the --

THE COURT: Yes.

BY MR. McBRIDE:

Q You had explained some of the difficulties in conducting compact prosecution, including all of these reasons here. I would like to follow up, just at the bottom we have lack of interconnection between claimed elements.

How was that related to the written description

1 issue?

2 A Well, that's the written description issue in several
3 different ways. Many of Mr. Hyatt's applications list a lot
4 of possibilities or different elements. And the examiners
5 were often unable to find how those elements are
6 interrelated to form the claimed invention.

7 Often the words are there in a very long
8 specification. And in some cases it appears to be a list of
9 parts. And in order to show possession of the claimed
10 invention, you need to show -- of the appropriate -- the
11 claimed interconnection at the time of filing of the
12 application.

13 And since all of these were amended claims, it
14 becomes essential to identify where that is. And that shows
15 up in many of the 145 actions in Hyatt versus Dudas one in
16 many of the appeal briefs and many of the office actions.

17 Q Okay. And when Mr. Hyatt files these claim amendments
18 where he's rewriting a lot of the claims and often adding
19 completely new claims, can you explain what the examiner has
20 to do to identify written description support in terms of, I
21 think you identified a number of different priority dates
22 that could potentially be at issue?

23 A Well, that's been an issue over time in the
24 applications. The standard wasn't resolved until 2007 by
25 the Federal Circuit. The standard that the USPTO has

1 followed is that the examiner looks through the
2 specification, points out what is missing.

3 And then the USPTO's position has been that the
4 burden shifts to the applicant to identify where that
5 subject matter is in the originally filed specification.

6 Q And so, in the claim amendments we went through
7 yesterday, did Mr. Hyatt point out written description
8 support for those claims?

9 A I didn't see it, no.

10 Q And so how -- what would the examiner do when he's
11 faced with these new claims for the first time? How would
12 he identify written description support?

13 A That depends on the facts of the case. If you have a
14 simple case. We had the Beerbrella patent that was brought
15 forward. If it's only two pages of spec, you're just going
16 to go read the spec and see if it's there. It's a simple
17 process.

18 If you have a 500 or an 800-page specification and
19 a lot of incorporation by reference and references to other
20 sources of information, it's very challenging. I mean, it
21 certainly adds to the complexity and it's not an easy
22 answer. And the examiner is often left to saying I don't
23 know where this is.

24 MR. McBRIDE: Your Honor, permission to approach
25 the chart?

1 THE COURT: Yes.

2 MR. McBRIDE: I'm just going to add to this list,
3 written description.

4 Permission to approach the witness, your Honor?

5 THE COURT: Yes.

6 MR. McBRIDE: Your Honor, I've handed the witness
7 what's been marked as DX188.

8 BY MR. McBRIDE:

9 Q Mr. Morse, are you familiar with this application?

10 A Generally.

11 Q You know which application?

12 A I see that it is serial number 08/471,704.

13 Q Is this one of Mr. Hyatt's related 400 applications?

14 A Yes, it is.

15 Q Okay. And what's happening with this claim amendment?

16 A Obviously canceling a list of claims on page 1, and
17 amending a list of claims. And, you know, starting from
18 claim one there is -- the words that are not changed are "A
19 system comprising.

20 And then on page 2 you gets a block memory. And
21 on part of a paragraph on page 2 that follows. But
22 otherwise, essentially the entire original claim is deleted
23 on pages 2 and 3. And a substantial amount is added on
24 page 1.

25 Q So this is another example of a claim amendment where

1 he's basically rewriting entire claims essentially?

2 A I see one common element, but, yes, it's certainly a
3 situation where you would want to evaluate how far the
4 invention has been shifted.

5 Q Okay. And so is this another example where the
6 examiner would have to restart the process for identifying
7 written description support?

8 A You know, presumably they would have found the blocked
9 memory the first time or not.

10 Q Okay. What about --

11 A But other than that, yes, there's a page of new things
12 to consider and a page of old things that aren't there. And
13 certainly you would have to redo the double patenting
14 analysis.

15 Q Okay. And all of those times doing the double
16 patenting analysis, searching for written description
17 support and the large specification, that would take a lot
18 of time?

19 A In this family of applications it would take a long
20 time.

21 Q And do you know how many claims are being amended in
22 this amendment?

23 A There's the list on the front that shows -- well, fewer
24 than a 173. But let's -- and then it shows some new added
25 claims starting on page 103, where claims 174 to 351 are

1 added. So roughly 180 claims added.

2 Q In your experience is that a unusually large number of
3 claims to add?

4 A In my experience that's an unusually large number of
5 claims to ever have in a case, yes.

6 Q And again, this was after the 1995 meeting with
7 Mr. Godechi?

8 A This was October 1998.

9 Q Right. So after the meeting where Mr. Hyatt said he
10 was going to focus his claims?

11 A Yes.

12 MR. McBRIDE: Your Honor, permission to approach
13 the witness?

14 Your Honor, I have handed the witness what's been
15 marked as DX175.

16 BY MR. McBRIDE:

17 Q Mr. Morse, are you familiar with this document?

18 A This is a April 2017 reply in the same application.

19 Q So it's a reply in the same application that we just
20 looked at with the previous amendment?

21 A Yes.

22 Q That's the 08/471704?

23 A Yes, it is.

24 Q And what's happening to the claims in this reply?

25 A The claim amendments begin on page 57. At least for

1 claim word -- every word other than "A system comprising" is
2 struck through. It indicated it's been deleted and then
3 underlines to indicate it's been added. So essentially this
4 is a new claim and the old one has been canceled.

5 Q Is this happening with the other claims as well?

6 A That's certainly the pattern flipping through. That's
7 the pattern through at least page 73, on a quick review.

8 Q As you look flip through there, every claim, almost
9 every single word is being crossed out and replaced with new
10 words?

11 A That was my observation for the first 15 pages of this
12 amendment, yes.

13 Q Okay. Can you keep going through? Let's go through
14 the whole thing.

15 A Sure. A small number of claims are canceled. That
16 might be a result -- for instance, on page 80 it lists
17 claims 26 to 33 as canceled. But I believe the current
18 USPTO rules indicate that all claims that were ever canceled
19 are indicated that way.

20 Q Okay. For the claims that are remaining, as you flip
21 through it, does it look like every single word, for the
22 most part, or nearly every word has been crossed out and
23 replaced?

24 A Generally the first line indicating, you know, "a
25 process comprising acts of" is not changed. But that's --

1 sort of the introduction of the claim it's not.

2 Then about page 112 some of the dependent claims
3 show up. So, I mean, there's the preamble up through "A
4 system as set forth in claim 1." Just indicating it replies
5 on the limitations of claim 1. But that's the only portion
6 that's not amended.

7 And then for some claims, as on page 113, the
8 dependency is changed. It's now a system as set forth in
9 claim 3 instead of a system as set forth in claim 36. But I
10 don't --

11 Q Other than the preamble --

12 A Other than that --

13 Q All the words are changing?

14 A It's not meaningfully the same claim.

15 Claim 135 on page 117 is now a process instead of
16 a system. So this would certainly trigger an examiner to
17 redo their double patenting analysis, to redo their written
18 description and evaluation.

19 Q And you said with the previous amendment the examiner
20 would have had to have redone the written description
21 analysis and the double patenting analysis, correct?

22 A Yes. And again, this would prompt an examiner to
23 consider if the invention has been improperly shifted, that
24 whatever delineation existed here no longer exists, so a new
25 one has been created.

1 Q In your 25 years of experience have you ever seen any
2 amendment practiced like there?

3 A I never seen in this amendment practice, no.

4 Q What is the date of this amendment?

5 A April of this year.

6 MR. McBRIDE: Your Honor, permission to approach
7 the witness?

8 Your Honor, I have handed the witness what's been
9 marked as DX22.

10 BY MR. McBRIDE:

11 Q Mr. Morse, are you familiar with this document?

12 A This is an amendment submitted in serial number
13 08/417,530.

14 Q Is that one of Mr. Hyatt's related --

15 A That is. That is from the family in the bottom center
16 of the map here.

17 Q Okay.

18 A It was signed by Mr. Hyatt on June 22nd of 1998.

19 Q Okay. That's on page 3. And so again, that's after
20 the meeting in 1995 with Mr. Godechi where he said he was
21 going to focus his claim?

22 A Yes, it's after the October 1995 meeting.

23 Q What's happening in this amendment?

24 A Well, as indicated on page 5, you know, it's a few
25 claims canceled and a few claims amended. And again, it

1 seems to be a substantial rewrite where the underlying text
2 is being added. And there are a few words that are not
3 changed.

4 There's "a range" toward the bottom of page 5.

5 On page 6, there's "range information generated by
6 the range" sort of in the middle of the page. Otherwise,
7 the claim is -- I apologize, "the memory" on line 2 is not
8 underlined. Otherwise, the claim is rewritten.

9 And the certainly on the next page, that claim 41
10 on page 7 is amended. And it used to be "A claim that
11 dependent from claim 30." And now it's "An independent
12 claim with." That's certainly on page 7 entirely new text.

13 On page 8 there are a few words there are not
14 amended in the middle of the page. There's a couple to the
15 and in response to the range information that are neither
16 added nor deleted. But otherwise that was a dependent claim
17 and is now a different independent claim.

18 Q Okay. And did you flip through the other pages, are
19 almost all the words being changed?

20 A That's the pattern that appears to me.

21 Q Okay. And then what's happening on page -- page DX20?

22 A 288 claims are being added, from 100 to 387.

23 Q In your experience is that an unusually large number of
24 claims to add?

25 A Yes. Again, that's an unusually large number of claims

1 that never appear in a case.

2 Q Does this have an impact on the examination of
3 Mr. Hyatt's claims?

4 A Certainly, it -- you know, coupled with the growth in
5 the claims in the other cases at the same time that's that
6 much more double patenting analysis. In this case that's
7 that much more written analysis, and whatever analysis that
8 had been done before would be of no value to the examiner
9 anymore.

10 Q So like effectively restarting the examination process
11 for these claims?

12 A In many ways.

13 MR. McBRIDE: Permission to approach the witness,
14 your Honor?

15 THE COURT: Yes.

16 MR. McBRIDE: Your Honor, I've handed the witness
17 what's been marked as DX25.

18 BY MR. McBRIDE:

19 Q Mr. Morse, are you familiar with this document?

20 A This is a August 3rd, 2015 -- well, we received it
21 August 3rd, 2015 -- reply to an office action in the same
22 application 08/417,530.

23 Q So that's the same application as the previous
24 amendment we were looking at?

25 A Yes.

1 Q And this one was just filed later in time?

2 A Yes.

3 Q Okay. Can you explain what's happening to the claims
4 in this amendment?

5 A Claim amendments begin on page 35 of this exhibit.
6 Claims 1 to 29 are canceled. But as before, that might
7 indicate canceled well before in time. It wouldn't
8 necessarily be this paper.

9 Starting with claim 30, again, every word other
10 than the preamble and "A system comprising," meaning the
11 preamble. "Comprising being the traditional beginning of a
12 claim.

13 The text on page 35 is canceled and then the first
14 maybe third of 36. And then the new text is added for the
15 remainder of page 36. So, you know, that's a new claim for
16 all practical purposes. And would it would require the
17 examiner to reconsider any prior double patenting, any prior
18 written description, consider whether the invention has been
19 improperly shifted.

20 Q Okay. Does that happen, basically this new claim
21 language, in all the claims?

22 A Yes. I mean -- well, for instance, claim 41 used to be
23 a system or a device for practical purposes. And is now a
24 process. So the only word that I see that remains is
25 "comprising."

1 Q Okay. And how many claims are being amended here?

2 A Let's see. I don't see an immediate statement of that,
3 but -- well, there are -- last claim is 411. And --
4 flipping through it, it appears they all are.

5 Q Okay. So we've gone through some examples of some
6 amendments here in Mr. Hyatt's four applications before the
7 Court. We have gone through these two additional
8 applications. Are those typical of what was happening
9 across his entire portfolio?

10 A I would say that the 1995 to 2002 amendments that
11 increased the claims in a series of progressive steps from
12 about 20 to 25 identical claims to 300 claims is typical
13 across the portfolio.

14 For the modern amendments it's typical of what's
15 been happening in the cases we've acted on since 2014.
16 Although we are also getting some responses of new
17 amendments. But in many cases we're getting complete claim
18 rewrites.

19 Q Okay. And so, for across the portfolio all the
20 problems you have listed here, the number of claims, the
21 size of the applications, the increase in the number of
22 claims, all those factors, is that impacting examination?
23 Can you just walk us through that process, list all the
24 factors that are impacting prosecution?

25 A I'm sorry, as of 2013 when I walked into my current

1 position?

2 Q Right.

3 A Okay. So, I mean, the problems that my examiners faced
4 when they picked up their first application were the same
5 that the examiners had faced in 1998 or 1999 or 2000. It
6 was, you know, the number of claims, the interrelationship
7 of the applications, the amount of claim -- the range of
8 claim priority dates, the identification of written
9 description support. It was the same factors.

10 And it was impractical to identify, even with
11 electronic form it was impractical to identify all of the
12 double patenting issues.

13 Q Okay. And with these recent claim amendments would you
14 say the problem is getting better or worse or --

15 A We have mailed the requirement in 2013 that's changed
16 what we're doing somewhat. So the problems are somewhat
17 better. But the scale of the amendment and the issues that
18 are raised by that are the same.

19 Q Okay.

20 MR. McBRIDE: Permission to approach the witness,
21 your Honor?

22 THE COURT: Yes.

23 MR. McBRIDE: Your Honor, I've handed the witness
24 two exhibits that have been marked as DX254 and DX257.

25

1 BY MR. McBRIDE:

2 Q Mr. Morse, are you familiar with these documents?

3 A Yes, I am.

4 Q Can you tell us what they are?

5 A DX254 is a table that I created, and then cites were
6 added by counsel that summarizes the appeals and subsequent
7 145 actions and subsequent CAFC appeals and in one instance
8 a Supreme Court appeal that began about 2000 in Mr. Hyatt's
9 related applications.

10 Q Okay. And do you know of any of these cases had an
11 impact on the pace of the examination in Mr. Hyatt's
12 applications?

13 A Each of these cases addressed -- they were largely
14 written description cases. And written description was an
15 overriding issue even before this happened. But they were
16 addressing some fundamental questions about how written
17 description rejections would be handled.

18 Q Were there any cases in particular?

19 A Well, there are, you know, two Federal Circuit cases
20 and a Supreme Court case.

21 Q Let's walk through those. What's the first Federal
22 Circuit case?

23 A The first Federal Circuit case, which I have mentioned
24 before, is the 2007 Hyatt versus Dudas or Hyatt versus Dudas
25 one, Mr. Dudas being the then commissioner for patents.

1 That is -- if may I approach the map?

2 THE COURT: Yes.

3 THE WITNESS: That is the applications indicated
4 by the red lines from -- I'm sorry, here. It's about 10
5 different 35 U.S.C. 145 actions that were consolidated.

6 And the issue was the burden on the USPTO to make
7 a prima facie case of lack of description, what we had to do
8 to make a sustainable rejection. And the USPTO policy at
9 the time was that the examiner would point out what they
10 couldn't see, what material appeared to be new and not
11 supported by the specification.

12 Our view was that once that was done, the
13 applicant needed to provide a rebuttal to argue what -- to
14 show where it was or to amend their claim.

15 BY MR. McBRIDE:

16 Q Would mr. Hyatt provide that?

17 A No. That was the issue in Hyatt versus Dudas one.

18 Q So the PTO couldn't find written description support,
19 Mr. Hyatt wouldn't provide it, and the issue was who had the
20 burden to?

21 A Had the USPTO done enough was the issue. And the
22 initial -- the District Court had said no, and the USPTO
23 appealed that. And the Federal Circuit essentially affirmed
24 USPTO's view that once the USPTO identifies what is not
25 there the burden shifts.

1 Q Was that issue important to the examination of all of
2 his applications?

3 A Certainly identifying written description was
4 essential. These were all amended claims. They were all
5 new. There are a lot of them. And the examiners were
6 writing a lot of written description rejections. And
7 basically this was an issue in all of the appeal briefs that
8 were being generated.

9 Q Okay. So the outcome of that Hyatt v. Dudas one case
10 would impact how the PTO would examine all of his
11 applications?

12 A Yes. It affected the burden on the examiner of how
13 much detail they needed to provide to establish that there
14 wasn't written description. How do you go about
15 establishing a negative.

16 Q And so if the standard for establishing a prima facie
17 case has been changed by the outcome of that case, what
18 would have happened to the examination process?

19 A There would have been a substantial amount of rework.

20 Q What do you mean by "rework"?

21 A People would have -- one person or another would needed
22 to have picked up the case and say, okay, we've gone down
23 the wrong path here. We need to back up and start again.

24 Q You have to go back and start the process over again
25 for identifying written description support? Okay.

1 A Yes.

2 The second of those three cases was the Hyatt
3 versus Dudas two, the 2008 decision, which is about the
4 appropriate grouping of claims. Which doesn't sound like a
5 written description issue, but was a written description
6 context.

7 The board of appeals at the USPTO had affirmed
8 some examiners' rejections under their rules and said these
9 claims are representative of claims that lack written
10 description. And Mr. Hyatt argued, more or less, the claims
11 that you picked are not representative of my group. They
12 have different issues.

13 Q Okay. So he had many claims. What, how many -- like
14 roughly, how many claims, do you know?

15 A My understanding is there were around 2,000 claims.

16 Q He picked -- Mr. Hyatt picked some smaller number of
17 claims?

18 A My understanding is that the board had identified --
19 the board identified 20 claims that had been separately
20 argued and used those as representative claims, even though
21 they did not necessarily share all the features that were
22 said to be missing. They weren't apparently perfectly
23 representative.

24 Q Okay. And was there claim grouping issue relevant to
25 other board decisions in Hyatt?

1 A That was an issue in many, many cases and appeal
2 briefs.

3 Q Okay. So is it fair to say the outcome of that case
4 could impact how his board decisions and examination would
5 be conducted?

6 A Yes. Often the issues were argued together. The same
7 issue arises in both cases.

8 Q Okay. Do you know the result of that case?

9 A Mr. Hyatt was successful. And the board's grouping was
10 decided to be improper. And so the board was, under its
11 then current rules, required to group claims that had a
12 common issue instead of claims that had been commonly
13 argued.

14 Q Okay. So if the board had moved forward with his
15 claims under the old method of grouping claims that would
16 have been improper?

17 A Based on the -- based on what happened in the early
18 2000s there would have been many more pending 145 actions.
19 I mean, that was the route that the cases were going. That
20 was the board decision. There was a 145 action. I believe
21 I counted 29 before --

22 Q If those cases had been improperly grouped under the
23 wrong test and then they ended up in a District Court action
24 you'd have the wrong claims grouped improperly in the
25 District Court action?

1 MR. LEVINE: Objection.

2 THE COURT: Overruled.

3 THE WITNESS: That's my understanding.

4 BY MR. McBRIDE:

5 Q You said there was a third case in this time period
6 that also was important?

7 A The case that also then became Kappos versus Hyatt,
8 which went to the Supreme Court, which is why we are here
9 today, where Mr. Hyatt argued and was vindicated that he was
10 allowed to introduce new evidence in District Court that he
11 had not presented to the USPTO. The Supreme Court held that
12 there were no limitations on introduction of evidence beyond
13 the Federal Rules of Evidence.

14 Q So what was the outcome of that case?

15 A Mr. Hyatt was successful and established that you
16 could, in fact, introduce new evidence at District Court.

17 Q If he had lost that case when would he have to
18 interview that evidence?

19 A The PTO's view of the issue, which was not persuasive
20 of the Supreme Court, was that you had to give the evidence
21 to the examiner if it was available. So that the issue
22 would be resolved at the first available opportunity.

23 Q So would the outcome of that case impact how his cases
24 were examined?

25 A Certainly if the evidence had to be introduced earlier

1 it would speed up the process. I mean, introducing evidence
2 later is going to slow things down. And to some extent the
3 examiner is writing for an anticipated and unusual
4 35 U.S.C. 145 proceeding rather than perhaps to the board of
5 appeals.

6 Q Okay. And you said all of these cases were related to
7 the, some aspect of written description?

8 A Yes.

9 Q Okay. And that was a key issue of examining
10 Mr. Hyatt's applications?

11 A Yes. The table also includes the four actions before
12 the Court. On the first page, sort of toward the middle, is
13 the 1869 proceeding before the court. Again, another from
14 serial number 08/472,062.

15 MR. McBRIDE: Your Honor, permission to approach
16 the whiteboard.

17 BY MR. McBRIDE:

18 Q So just to summarize these cases, you said the first
19 one was Hyatt v. Dudas one?

20 A Yes.

21 Q And when was that case decided?

22 A Decided by the Federal Circuit in 2007.

23 Q And what was the second case?

24 A It's the same name, Hyatt versus Dudas two, 2008.

25 Q And the third case?

1 A Kappos versus Hyatt.

2 Q And when was that case decided?

3 A 2012.

4 Q Okay. And you said the -- what was the issue in the
5 Hyatt versus Dudas one?

6 A Burden on the USPTO to establish a prima facie case of
7 lack of written description.

8 Q Okay. And what was the issue in Hyatt v. Dudas two?

9 A The extent to which claims may be selected as
10 representative of group of claims.

11 Q Group claims. And what was the issue in Kappos v.
12 Hyatt?

13 A Timing of introduction of evidence of, in this case,
14 written description.

15 Q Okay. So you said all these -- these three cases all
16 impacted the written description analysis?

17 A Yes.

18 Q Do you know when these cases were filed in District
19 Court?

20 A Well, the case that became Kappos versus Hyatt in 2012
21 flows from -- which is on the second line of DX254, page 1,
22 flows from DDC action 030901, so 2003. And there are about
23 10 cases that make up Hyatt versus Dudas one and two.

24 Generally those appear to have been filed in 2003 and 2004.

25 An example of -- on the fourth line of page 1 for

1 serial number 08/464,084 becomes DDC Action 030108 becomes
2 CAFC appeal number 2006 1171. So that was a 2003 145
3 action.

4 Q That was for the Hyatt v. Dudas case?

5 A That was.

6 For Hyatt Dudas two from the next line on page 1
7 of Exhibit 254, 08/461,567, becomes DDC041138, becomes
8 Federal Circuit appeal 2007 1050.

9 Q Okay. So from 2003 until 2012 there were written
10 description issues that had to be resolved by the courts
11 that would impact Mr. Hyatt's -- or the examination of
12 Mr. Hyatt's applications?

13 A They were --

14 MR. LEVINE: Objection.

15 THE COURT: Overruled.

16 THE WITNESS: They were certainly pending before
17 the federal courts and addressed issues that were current.
18 BY MR. McBRIDE:

19 Q Now, where there any board decisions pending at this
20 time that were related to Mr. Hyatt?

21 A There were at least a couple of them became the action
22 before this Court. If you look at the third line there
23 08/431,639, was a 2007 board decision that becomes 09-1872
24 before this Court. So the four before this Court were kind
25 of later in time, and one of them was 2005.

1 Q Okay. Do you know approximately how many board
2 decisions related to Mr. Hyatt's applications were pending
3 during this 2003 to 2012 period?

4 A I think it's around 40, but not without counting the
5 entries on this chart. It's about 40.

6 Q Would these three civil cases impact how those board
7 decisions were reviewed?

8 A I'm sorry, how the board decisions were reviewed?
9 Certainly the first two would directly affect the
10 substantial decision, yes. And the third would impact the
11 timing of introduction of evidence and what degree the
12 examiner could expect the record before them to be the
13 complete record on review.

14 Q Okay. Now, it seems like you have told us how the
15 issues in these three cases are -- would significantly
16 impact Mr. Hyatt's applications. Would they impact other
17 applications in the same way?

18 A I don't think the rules would be different for anyone
19 else. A written description is not usually an issue that
20 applicants fight. Usually when an examiner identifies an
21 application is lacking written description, they are in a
22 hurry to amend their claims to match the language of their
23 specification or to point out why the examiner is wrong.
24 It's not an issue that people want to -- want to take up the
25 chain.

1 Q So it's an issue that is an essential to Mr. Hyatt's
2 applications but doesn't usually become a significant issue
3 in other applications?

4 MR. LEVINE: Objection.

5 THE COURT: Overruled.

6 THE WITNESS: That's my experience.

7 BY MR. McBRIDE:

8 Q So after the Kappos versus Hyatt case was decided by
9 the Supreme Court can you tell us what happened?

10 A My experience of what happened was that in March of
11 2013 I was approached by a group director to move to this
12 art unit, since the prior -- my predecessor had moved on.
13 And I was told that then the art unit had been established
14 in October of 2012 to address the pending cases that were
15 not then before the Court. And I agreed to do it.

16 Q And so you agreed to become -- what was your role?

17 A It wasn't a promotion. It was a lateral move. I had
18 been a supervisor in the medical unit. And I became
19 supervisor of 12 examiners who were doing these cases and
20 had put then 5 months into their first action.

21 Q When was that art unit of 12 examiners created?

22 A Early October of 2012.

23 Q Can you tell us the process of how that happened?

24 A It's like any federal job, there was a vacancy
25 announcement that was open to primary examiners, which are

1 Grade 14 examiners. People with at least seven years
2 experience in the office give or take.

3 They applied. They were interviewed by my
4 predecessor. They were selected. With the selection came a
5 promotion to a Grade 15, so it was somewhat more money.

6 Q Were these senior examiners?

7 A I would say, you know, they tended to have 8 to 12
8 years experience in the office.

9 Q Where does GS-15 rank in terms of level of experience?

10 A You know supervisors at the Patent Office are generally
11 GS-15. It's the highest level before the Senior Executive
12 Service.

13 Q Okay. So what kind of characteristics would the
14 examiner have in terms of background or experience?

15 A You know, they are generally examiners from the
16 electrical tech centers. They generally examine in the
17 computer arts for their career.

18 They were -- when I made a subsequent selection in
19 2014 and did the interviewing myself, I looked for people
20 who wrote well, people who were effective, and they produced
21 a lot of work. They had handled unusual cases, and the
22 technology matched Mr. Hyatt's applications as well as I
23 could.

24 Q Okay. And so -- and were they working full-time on
25 Mr. Hyatt's applications?

1 A That's their full-time job. There are other duties
2 they have to do and they get vacation like anyone else.
3 But, yes, that's their full-time job.

4 Q What started happening when they began examining
5 Mr. Hyatt's applications?

6 A They worked on the draft of an application. And as I
7 said at the beginning of my testimony, the drafts that I got
8 were approaching a thousand pages in length.

9 Q They were trying to conduct compact prosecution at that
10 point?

11 A Yes. And as the USPTO uses compact prosecution, a
12 thousand pages is not anybody's idea of compact. They were
13 trying to address all of the issues to the extent that it
14 was feasible. And even at that point the double patenting
15 analysis wasn't possible.

16 And they were trying not to fall into the trap
17 that the board fell into in Hyatt versus Dudas two, and
18 address claims separately and not improperly group claims.

19 Q So they were trying to address each claim?

20 A Yes.

21 Q And how long was it taking to do one office action?

22 A No actions had been mailed out from October to March.
23 So we mailed the first of them in about April of 2013.

24 Q Okay. And how long would it take to prepare a typical
25 office action for a typical application?

1 A The typical examination of an entire case is about 20
2 hours of examiner time; so 2 to 3 business days.

3 Q Okay. And the issues in examining these applications
4 were the same ones we talked about earlier?

5 A Yes. The issues hadn't changed from 2002, 2003.

6 Q Okay. What was the range of priority dates for written
7 description support?

8 A Again, it was generally 1969 to the earliest claim
9 priority. And the earliest identical specifications began
10 in about 1975, and the most recent are around 1990
11 generically.

12 Q Okay. And was Mr. Hyatt providing the priority date
13 for each claim?

14 A We had what generally what you saw in the 2003
15 amendments. And in some cases there were appeal briefs.

16 Often there was a table that listed terms, but it
17 was not -- it was an index of where the terms occurred in
18 the specification. It wouldn't show how the parts of the
19 device were interrelated.

20 So there was some amount of what appeared to be
21 some -- you know, an automated -- automatically generated
22 index, perhaps, that showed where terms occurred across an
23 800-page specification.

24 Q Is just identifying where certain terms appear in the
25 specifications sufficient to show adequate written

1 description support?

2 A No. That would depend on the facts. And sometimes a
3 single lead might be enough. But in these cases it
4 generally, because you wanted to see how the parts were
5 interconnected.

6 Q So what did you do after you realized how long it was
7 taking to draft a single office action? I think you said it
8 was taking months.

9 A When the examiners finished their first action, they
10 picked up a second one and began the process and largely
11 couldn't see where the line was between the two they had
12 examining. They couldn't see what the demarcation was meant
13 to be.

14 So, you know, that was no way to complete
15 examination of all of these applications within anyone's
16 lifetime or certainly anyone's career.

17 You know, we did something unusual. We sat down
18 and said, all right, what do we need to effectively examine
19 these applications? And we need to see -- we need to limit
20 the number of claims to do some sort of double patenting
21 analysis.

22 We need to figure out what the demarcation between
23 the application is. We need to identify where the written
24 description support for these claims are. And part of that
25 is identifying what priority date we are working toward.

1 Q And so, what did you do?

2 A We drafted a requirement that was requiring Mr. Hyatt
3 to help us.

4 Q So what was the goal of the requirement?

5 A Well, it's to allow effective examination is the goal.
6 I mean, the director of the USPTO has an obligation to
7 examine applications and these are old applications. We
8 needed to move forward. We needed to narrow the issues that
9 were in front of us to get anywhere.

10 MR. McBRIDE: Your Honor, permission to approach
11 the witness?

12 THE COURT: Yes.

13 MR. McBRIDE: Your Honor, I have handed the
14 witness what's been marked as DX27.

15 BY MR. McBRIDE:

16 Q Mr. Morse, are you familiar with this document?

17 A I am.

18 Q Can you tell us what it is?

19 A This is an October 24th, 2013 requirement mailed in
20 08/417,530, which is part of the family in the lower center
21 here that includes 67 applications.

22 Q And so is this one of the requirements that was
23 prepared?

24 A It is. Would you like --

25 Q Yes. Can you just walk us through the requirement

1 and --

2 A So, you know, at the beginning it identifies which --
3 on paragraph 2 a general description of the applications
4 we're talking about. Some amount of basis and background
5 for where we are.

6 And starting on page 5, it lists the applications
7 that are subject to this requirement.

8 And as of 2013, these applications largely look
9 like what you saw from your 2003 amendments. It was a scan
10 of the paper amendments from various years. There that were
11 roughly 300 claims in each application, roughly 120
12 independent claims.

13 Q Okay. So if you look at page 4 it says how many
14 applications were subject to this requirement?

15 A We're going to be confused here, because I was going by
16 exhibit number.

17 Q DX, page 5.

18 A DX5. Number 3, it's the application subject to it.
19 And then that fills page six of the exhibit and continues
20 onto page 7 of the exhibit.

21 Q So the 67 applications that it refers to are those the
22 applications in one of the families?

23 A Yes. Again, they are in the family on the lower center
24 here.

25 Q And so this requirement was applicable to all of those

1 applications?

2 A It identifies that these applications share a common
3 specification. Once this became a possibility, I asked the
4 examiner to verify to the extent possible that it was the
5 same specification in each application.

6 And then starting at number 4, it identifies why
7 we thought this was necessary to move examination forward.

8 Q So what were some of the reasons it was necessary?

9 A As we discussed before, the number of possible -- the
10 number of prior applications that priority claims -- to
11 which priority has been claimed is an issue.

12 At letter A on page 8 it lists all of the
13 applications starting with 04/879,293, filed in 1969,
14 through 06/504, 691, filed in 1983, to which priority was
15 claimed in the specification.

16 Q So could you just remind us why all these different
17 priority dates makes the examination difficult?

18 A Well, an applicant is entitled to rely on a prior
19 application that includes the same subject matter as support
20 for their claim. In our example from the yesterday with the
21 table and the saw, if you can describe the table in a prior
22 application, you would be entitled to that date for the
23 table if you later claimed it as a parent application.

24 But you're not entitled to claim -- you're not
25 entitled to that priority if it wasn't disclosed in the

1 prior application.

2 So you have to determine the extent to which the
3 prior application overlaps with the current application to
4 identify what you have subject matter support for.

5 Q Okay.

6 A In this case there are about 40 -- 43 applications that
7 are identified as priority applications in the
8 specification, each largely having a separate date.
9 Although there's a few that have the same filing date in
10 this list of priority applications.

11 Q Okay. So what are some of the other difficulties that
12 the requirement specifies?

13 A I'm moving on to letter B on page 10, the lengths of
14 the specification, the number of applications incorporated
15 by reference.

16 It identifies the specification is 840 pages. You
17 know, it points out that the USPTO regards applications of
18 more than 20 pages as jumbo applications for purposes of how
19 completely the examiner can review the details of the spec.

20 It identifies the incorporation by reference of
21 all the priority documents, effectively adds to the range of
22 information the examiner needs to consider or might have to
23 consider for written description support purposes.

24 At C, it identifies that the applications to which
25 priority is claimed and incorporated by reference are shared

1 by other families identified on the chart. And my examiner
2 had put together this table, which attempts to show for the
3 11 families how the priority overlaps. So, you know, where
4 the X's indicate that to some extent claim priority is the
5 same.

6 So this family and one of the other families would
7 share common parent applications where the same subject
8 matter might have been disclosed and then might be claimed
9 in either branch of the family.

10 Q Okay.

11 A On page 14 is the number of claims, I guess.

12 On 15 there is the average number for this family.
13 It was 288 total claims and 126 independent claims. For a
14 total for the family for the identical specification of
15 19,325 total claims, and 8,416 claims that are directed to
16 this 800-page specification.

17 Letter E is multiplication of claims over the
18 course of prosecution, which details growth in the claim
19 count. Very much like what you have just shown me in terms
20 of the amendments. And these are -- that's reflective of
21 what's described here.

22 F on page 17, identifies repetitive claims that
23 weren't clearly in the additional specification that -- I
24 think. It is sort of a pattern of repeating claim
25 limitations within a specification there was -- essentially

1 making it hard to figure out what the differences were
2 between all of them.

3 G on page 19 are examples of claims that were
4 presented in different applications in this family of 67
5 that were identical to substantially identical.

6 Q Can you explain what the lack of clear demarcation
7 means?

8 A Well, the clearest instances where the claim are word
9 for word identical. There's no -- I mean if it's the same
10 specification and the claims are identical, that's the same
11 invention. There's just no debating it.

12 But sometimes you would have a difference in
13 wording that wouldn't result in a difference in what it
14 referred to in the specification.

15 Q Okay. So the claims appearing here at DX page 19, what
16 are those?

17 A The first column -- well, it shows a side-by-side
18 comparison across two applications of claims in this family.

19 Q So, like, row one shows two claims that are similar
20 that are appearing in two different applications?

21 A Yes. So I mean, and this particular one is not word
22 for word identical. We have an image memory on line 1, and
23 then you have a command circuit.

24 And then you an incremental visual processor. And
25 then you have a display coupled to the visual processor.

1 If you move on, perhaps, to the next page, to
2 page 19. The claim at the top of page 19, the first one
3 being from 07/774159; and the second one being from
4 08/419,681. Claim 93 and claim 340 appear to be identical
5 except for a hyphen.

6 Q And that's improper, correct?

7 A It's improper. And across 19,000 claims it's not easy
8 to locate where this is done.

9 My examiners used a plagiarism detection software
10 that was available to find similar blocks of text to
11 identify this. A few of my examiners stepped through it by
12 hand and looked at images and try to remember what they had
13 seen before.

14 Q And is that part of the double patenting issue that you
15 talked about previously that would take a long time to do?

16 A You know, an identical claim in two different
17 applications is the most extreme example. That there's --
18 there's just no delineation between the inventions if it's
19 the identical claim.

20 Q So these other claims listed on these pages, these are
21 other examples of patentably indistinct claims?

22 A Yeah. I think, again, the last complete example on
23 this page, application 08/430,089 and application
24 08/462,306, you know, claim 256 of one is the same as claim
25 275 of the other.

1 Q Okay.

2 A On page 21 of the exhibit for the same two application
3 numbers claim 232 of one is the same as claim 296 of the
4 other.

5 For the block on that page there are four claims
6 from four different applications that are largely identical.

7 Q Okay. That's 109, 100 and 329?

8 A Yes.

9 Q Okay.

10 A The first two do have frames of database information,
11 so just database information. So you have two that are --
12 two that appear to be the same, and then two more that
13 appear to be the same and slightly broader. But from a
14 double patenting point of view a claim that entirely
15 narrower than another claim is conflicting with the claim
16 that's broader to the extent there aren't any different
17 elements.

18 Q Is it important to conduct this double patenting
19 analysis during the examination process?

20 MR. LEVINE: Objection.

21 THE COURT: Overruled.

22 THE WITNESS: It's part of a job. It's part of a
23 job of doing compact prosecution. It's identifying and
24 we're necessarily creating a delineation between the
25 applications or getting a terminal disclaimer from the

1 applicant that would essentially say this is covering the
2 same subject matter and will be commonly owned and
3 commonly -- and have it the same term for the patent. It's
4 a standard part of the examination.

5 BY MR. McBRIDE:

6 Q Are there any other issues identified in the
7 requirement?

8 A Well, the similar to identical claims go on for several
9 pages. On page 29, for example, there are five claims from
10 five different -- 29 of the exhibit, sorry. There are five
11 claims from five different applications in this family. And
12 the only difference that was apparent was the name of the
13 means in some of these.

14 A claim maybe it means plus function format, what
15 are the means for performing a function. And it's
16 interpreted to be -- to correspondence to the structure that
17 was disclosed in the specification.

18 In this case you have for claim 171, a means for
19 refreshing and displaying in response to the pixel word
20 stored in said refreshed memory. In claim 247 -- no, in
21 claim -- yes, 247 of application 08/466,994 of the third
22 column, you have refresh means for refreshing a display.

23 So the fact that it's called refresh means instead
24 of means wouldn't mean anything different to an examiner.
25 And in this case you wouldn't be able to pick it up with

1 plagiarism detection software because it's different words.
2 It would certainly be harder.

3 Q So how would the examiner find these examples?

4 A We found examples. This was not -- not going to be a
5 comprehensive set. My examiners spent perhaps a week and
6 poured through the specifications and came up with the
7 clearest examples they could of overlapping subject matter
8 that had been claimed in different applications.

9 Q And is there -- are these -- this issue of having
10 similar claims appear in different applications, is that
11 something that occurs in all of these applications?

12 A I haven't looked at all these applications. But it
13 certainly a recurring issue across many, many applications
14 that we have double patenting issues that have been
15 identified in rejection, yes.

16 Q So then what does the requirement --

17 A In H it, you know, identifies some of the court
18 decision -- one of the court decisions I talked about, and a
19 little bit of a history that we assigned 12 examiners to
20 work on this family of applications.

21 Q So it's talking about the Kappos v. Hyatt decision that
22 was decided in 2004?

23 A That's mentioned in the last full paragraph of page 30
24 of the exhibit.

25 And then at the bottom of 31 at letter I it talks

1 about how many claims were pending. It does a little bit of
2 analysis of what's typical at the time.

3 On the exhibit page 32, first -- second full
4 paragraph, it identifies from a Federal Register publication
5 in 1998 what a typical distribution of claims was. As
6 Mr. Clarke had testified, you know, the 300 claims and 120
7 independent claims greatly exceeds what's normal or what was
8 normal.

9 Q If you turn back to DX31. Can you tell us what the
10 footnote is explaining there?

11 A That was an estimate of how long it might take to
12 complete examination at the pace we were going. And I think
13 that's in terms of -- sorry.

14 That was a very rough estimate of how long -- how
15 many years worth of time these applications would take. You
16 know, it's 400 applications based off of 11 specifications.
17 But in terms of examiner time an average examiner was
18 getting about 78 applications examined a year, it was 41,496
19 applications worth of time.

20 Q Okay.

21 A And that was based on the first action that we
22 prepared. That was what I had.

23 Q Okay.

24 A That may have been based on the second action.

25 And Exhibit 33, number 5, it set forth the

1 requirements for Mr. Hyatt.

2 Q And so, what was he required to do?

3 A For each of the 11 families that correspond to a group
4 office central point on this map, he was required to select
5 up to 600 total claims that we would treat. And an
6 indication that we would consider the others to be unduly
7 multiplied and provide a mechanism for him to argue that.

8 At B on page 34 of the exhibit it makes a 105
9 requirement. And it requires Mr. Hyatt to either say that
10 this claim is entitled to the date of some identified
11 earlier spec that has the same, same contend, which would be
12 sufficient for us to start our written description analysis.
13 Or if it relies on material that has been incorporated by
14 reference, to point out the limited portions of those
15 applications that contain the support for the claims.

16 So essentially tell us what date we're working on,
17 what specification we're starting from here.

18 Q And you wanted that date so you could figure out what
19 date you needed to use to find prior art?

20 A Yes.

21 Q Okay.

22 A It's also relevant for enablement purposes, but more
23 often for prior art.

24 And requirement C is for a clean copy of the
25 claims. And this was not Mr. Hyatt's fault. It was just

1 the nature of USPTO practice over many years that the claims
2 had been scattered in different applications and different
3 papers. And so it made figuring out what the claims were
4 difficult.

5 And Mr. Hyatt cooperated with that particular
6 requirement in a fine way, for the clean copy of the claims.

7 Q This was one requirement for one family. Were there
8 other requirement for the other families?

9 A Yes. There are 10 other requirements that are
10 contemporaneous.

11 MR. McBRIDE: Permission to approach the witness,
12 your Honor?

13 THE COURT: Yes.

14 MR. McBRIDE: Your Honor, I have handed the
15 witness what's been marked as DX144.

16 BY MR. McBRIDE:

17 Q Mr. Morse, are you familiar with this document?

18 A This is a requirement that was mailed in 08/464,007.
19 That's a part of Mr. Hyatt's 700 family, which appears on
20 the left side of this chart and is a family of 100
21 applications.

22 Q And is that the family for -- two of the cases before
23 the Court are in that is family?

24 A Yes. That's also the family of 1864 before this Court
25 and 2310 before this Court.

1 Q Okay. So is this requirement similar to the
2 requirement we just walked through?

3 A In broad terms, yes.

4 Q Can you take us through this requirement?

5 A Sure. I mean, on page 3 of the exhibit it points out
6 under specification it identifies as 100 applications.
7 There's a bit of discussion of the history of the family.

8 At page 5 there's a list of the applications that
9 are subject to this requirement that lists the pending
10 members of the family that are not before this Court.

11 In fact, at the bottom page 6 of this exhibit,
12 second to the last -- sorry, I'm work from exhibit pages not
13 from --

14 Q I'm with you.

15 A Yes. That second to the last paragraph it discusses
16 the two applications before the Court and points out it's
17 not within the jurisdiction of the examiner.

18 On page 7, it identifies the number of pending
19 applications and it lists the priority that was claimed for
20 07/289,355, which is the node, the yellow case on this map.

21 At B it mentions the length of the specification.
22 This particular is one is 724 pages. Mentions the
23 incorporation by reference.

24 At letter C it mentions the degree of overlap with
25 other specifications. The 700 family shares a number of

1 figures and some of the pages with some of the other -- one
2 other family, at least.

3 At the bottom of page 9 in the exhibit it
4 identifies figures that appear to be identical across these.

5 At the top of page 10 it identifies pages of the
6 written description that appear to be identical, perhaps 200
7 pages. And it identifies a second family that has
8 overlapping disclosure. The next block on page 10, a
9 sizeable number of pages scattered throughout the
10 application and a, I believe, somewhat smaller number of
11 figures.

12 And it points out in the middle of page 10 that
13 the -- these 108 applications have common priority claims to
14 06/663,094 application.

15 Q Can you explain how the incorporation by reference of
16 the same material in different families --

17 A Well, this isn't incorporation by reference. This is
18 the same actual content was on these pages of the
19 applications.

20 Q How does that create a difficulty in examination?

21 A Well, if you have written description support in those
22 pages the claims could be presented in either application.
23 So that would increase -- it just makes for a bigger range
24 of claims you are looking at for double patenting and for
25 maintaining a clear demarcation between the applications.

1 Q Okay.

2 A D, again it's the number of claims. That listing is
3 from pages 11 to 12 to 13. Again, the average is -- the
4 average is somewhat is over 300 for this family and over 130
5 independent claims. But that's in line with the pattern.

6 Q So all of the applications in this family had close to
7 300 claims or more?

8 A Well, the table is what it is. The average was 346.
9 The total number of claims was 34,605. The total number of
10 independent claims was 13,244. Again for a 700-page spec.

11 Q Okay.

12 A At E it points out the pattern of growth of claims
13 which probably aligns with what you -- the exhibits that you
14 showed me in the 1995 to 2003 time frame.

15 At F on the bottom of 13, it talks about sort of
16 repetition of claim elements within an application.

17 At G, it gives examples of identical and very
18 similar claims across applications in this family.

19 Q Can you just walk us through some of these examples?

20 A Sure. So on page 16 of the exhibit 08/456,339, claim
21 169, and 08/465,201, claim 310, are reprinted. And they
22 appear to be the same claim.

23 Q They are appearing in different applications?

24 A Yes. In those two different applications.

25 Q Okay.

1 A On page 17 of the exhibit there are three claims
2 reprinted from 08/464,034, and three claims reprinted from
3 08/465,201. Claims 124, 196, 206, and 306, 381 and 536,
4 respectively.

5 Q So is this showing that three claims in this 034
6 application are identical to three different claims in the
7 201 application?

8 A Yes.

9 Q Does that strike you as unusual?

10 A It's not something I've seen before. I mean, you see
11 it -- you see it when things are clearly photocopies but not
12 in a situation like this, where they were no longer clearly
13 photocopies.

14 I mean, on the day these two applications were
15 filed, they had a photocopy of the original claims, and
16 that's not so unexpected. But several amendments into the
17 process, that's unexpected.

18 Q And then there's other examples of these similar
19 claims?

20 A Yes. That goes on for several pages.

21 Q And you said these are just examples that your
22 examiners had found?

23 A These were the strongest examples we found in a limited
24 amount of time.

25 Q Okay. But if you spent more time looking, you think

1 you'd find more?

2 MR. LEVINE: Objection.

3 THE COURT: Sustained.

4 THE WITNESS: In this --

5 BY MR. McBRIDE:

6 Q Strike the question. Strike the question.

7 Okay. So what does it show after the examples of
8 similar claims?

9 A It actually discusses a board decision in a different
10 application. I believe the board -- no, it's a different.

11 And I quote from the board that it talked about a
12 necessity to maintain a line of demarcation between the
13 applications.

14 And in H it identifies, you know, that the USPTO
15 had made slow progress, and then points to the Kappos v.
16 Hyatt decision, and then goes into --

17 Q Again, that's the Kappos v. Hyatt decision in 2012 that
18 we talked about?

19 A It is.

20 Q Okay.

21 A Gives some history that I have described.

22 And then makes at I on page 26 -- sorry. It
23 goes -- it identifies the same Federal Registry notice that
24 gives some statistical analysis of claim counts at I.

25 And on page 27 at number 5 it makes basically the

1 same requirement.

2 Q And what is that requirement?

3 A To select a limited number of claims and to identify
4 the earliest applicable priority date. And again, provide a
5 clear copy of the claims, which I won't mention any further,
6 because that's not a significant issue before us.

7 Q So was there a similar requirement made in each of the
8 other nine other families?

9 A Each of those requirements looks broadly similar.

10 Q And if we walk through them, would they have the same
11 general structure that we just walked through with these
12 first two?

13 A Yes.

14 Q Would they all have the same requirements of selecting
15 600 claims per family?

16 A Yes.

17 Q And identifying a priority date?

18 A Yes.

19 Q And then having the third the same, clean set of
20 claims?

21 A Same requirement.

22 Q Okay.

23 THE COURT: Are you at a good breaking point?

24 MR. McBRIDE: What's that?

25 THE COURT: Are you at a good breaking point?

1 MR. McBRIDE: Yes. I was just going to try to
2 introduce the other requirements. We can do that after a
3 break, if it's convenient.

4 THE COURT: We'll take 10 minutes.

5 [Thereupon, recess taken at 11:33 a.m., resuming
6 at 11:48 a.m.]

7 MR. McBRIDE: Your Honor, just some housekeeping.
8 I'd like to move in some of the exhibits into evidence.
9 It's DX188, DX175, DX22, DX25, DX254, DX27 and DX144.

10 THE COURT: What was the last one, 144?

11 MR. McBRIDE: 144 and DX257.

12 THE COURT: They're received without objection.

13 MR. LEVINE: Objection to 257, there's a
14 characterization of cases on there.

15 MR. McBRIDE: Your Honor, that's a document that
16 the witness prepared based on publicly information. He's an
17 attorney himself.

18 THE WITNESS: I have a law degree.

19 MR. McBRIDE: He has a law degree.

20 THE COURT: I'll receive it for what it's worth.

21 MR. McBRIDE: Thank you, your Honor.

22 [Thereupon, Defendant's Exhibit Nos. 188, 175, 22,
23 25, 254, 27, 144, 257 admitted into evidence.]

24 THE COURT: You know it will just be an easy
25 convenience for me to look them up. I'm obviously I won't

1 go by what he says the cases.

2 MR. LEVINE: Understood, your Honor.

3 THE COURT: Okay.

4 MR. McBRIDE: Permission to approach the witness?

5 THE COURT: Yes.

6 BY MR. McBRIDE:

7 Q I've handed the witness a series of nine documents;
8 DX69, DX75, DX129, DX140, DX158, DX179, DX196, DX200 and
9 DX46.

10 Mr. Morse, you had previously testified that there
11 were nine other requirements made, one in each of the other
12 nine families of applications?

13 A Yes, these appear to be those requirements.

14 Q And do these requirements if we walk through all of
15 these would they have the same basic elements?

16 A Yes.

17 Q And they'd outline the number of claims for each of the
18 families and --

19 A Yes.

20 Q The number of applications in each family?

21 A You handed me this by mistake. It's not one of the
22 requirements.

23 MR. McBRIDE: Permission to approach the witness?

24 THE COURT: Yes.

25

1 BY MR. McBRIDE:

2 Q And would they also outline what Mr. Hyatt was required
3 to do in each family?

4 A Yes, it would make broadly similar requirements.

5 MR. McBRIDE: Your Honor, I'd like to move these
6 into evidence as well.

7 MR. LEVINE: No objection.

8 THE COURT: Received.

9 [Thereupon, Defendant's Exhibit No. 69, 75, 129,
10 140, 158, 179, 196, 200, 46 admitted into
11 evidence.]

12 BY MR. McBRIDE:

13 Q Now Mr. Morse, circling back to the Hyatt v. Dudas one
14 case, you said it was decided in 2007 and it involved a
15 District Court case 03-108? Do you know what happened to
16 that case after the Federal Circuit made its decision?

17 A I believe that was returned eventually to Judge
18 Sullivan of the DC District Court and it lingered for some
19 years.

20 Q And do you know if the case was --

21 A I believe it was dismissed last year for --

22 Q And do you know the basis for the dismissal?

23 A I believe it was dismissed for failure to prosecute.

24 Q Okay. And for the Kappos v. Hyatt decision, I think
25 you said that was the 03-901 case before Judge Lamberth. Do

1 you know what happened to that case after the Supreme Court
2 made its decision in 2012?

3 A I believe your Honor dismissed that case last year for
4 failure to prosecute.

5 Q Okay. So we went through some similar and identical
6 claims in each of those two requirements that showed some
7 identical claims and different applications. Do you know if
8 there are examples of similar claims in the four
9 applications before this Court?

10 A I believe Mr. Kunin's expert report lists some examples
11 of identifiably similar claims.

12 MR. LEVINE: Objection, move to strike.

13 THE COURT: Overruled.

14 MR. McBRIDE: Permission to approach the witness?

15 THE COURT: Yes.

16 BY MR. McBRIDE:

17 Q Handed the witness what's been marked as D.EX1486.

18 MR. LEVINE: Your Honor, I object to the use of
19 this exhibit. It's Mr. Kunin's expert report. Ask the
20 witness to use Mr. Kunin's expert report as a basis for his
21 testimony?

22 MR. McBRIDE: I'm using the witness -- he prepared
23 a table on one page in this report that identifies some
24 similar claims. And I'm just using it as a summary table to
25 refresh the witness's memory.

1 THE COURT: Okay. Go ahead.

2 BY MR. McBRIDE:

3 Q Would you please turn to page 66 of this report. You
4 see there's a table spanning pages 66 to 67?

5 A You mean 70 to 71 of the exhibit number?

6 Q Yes, I'm sorry. D.EX70 to 71.

7 A Yes. Does appear to be claims that were identified to
8 counsel.

9 Q Okay. Did you help identify or did your examiners help
10 identify some of those claims?

11 A I asked my examiners to look and we forwarded the
12 similar claims to counsel.

13 Q Okay. And just to be clear these represent examples of
14 claims in the four applications at issue before the Court
15 that appeared in different applications?

16 A One of the claims in each column comes from a case
17 before this Court in one of the procedure proceedings, and
18 one comes from a different case in their respective family.

19 Q So this first column, our table that we're looking at
20 which application does this refer to?

21 A Sorry, the first entry -- oh, the first one refers to
22 08/456,398.

23 Q So this table identifies --

24 A Which is 1864 before this Court.

25 Q Okay. And so --

1 A So examples of claims pending in that application. And
2 then examples of similar claims in other applications in the
3 family.

4 Q Okay. And then is there a similar table for the other
5 three applications?

6 A Yes, on the succeeding two pages.

7 Q Okay. So let's walk through a few of those examples.
8 Permission to approach the witness?

9 THE COURT: All right.

10 MR. LEVINE: Your Honor, I renew my objection.
11 Now actually doing more than refreshing his recollection as
12 to the specific claims, but having him go through it and
13 analyze the claims in the actual Mr. Kunin's report.
14 Mr. Kunin's going to be here and he can testify himself
15 tomorrow.

16 MR. McBRIDE: Your Honor, Mr. Kunin is relying on
17 Mr. Morse's ability to identify patent and laying sustained
18 claims. Mr. Kunin didn't analyze the claims himself.

19 THE COURT: I thought this witness said his
20 examiners did it. What did he do? You can ask the witness
21 what he did.

22 BY MR. McBRIDE:

23 Q Okay. Can you explain what you did?

24 A In response to requests from counsel for the agency, I
25 asked my examiners to look at pending claims -- well, let's

1 rephrase that. Claims before this Court and claims in other
2 applications in the family of that application. They
3 forwarded them to me, I forwarded the best examples on to
4 counsel.

5 THE COURT: So you examined those as well?

6 THE WITNESS: I looked at them before I forwarded
7 them on to counsel, yes.

8 THE COURT: And decided they were, their analysis
9 was correct?

10 THE WITNESS: We didn't write out a specific
11 double patenting rejection. We gave examples of claims that
12 were very similar.

13 THE COURT: All right. Go ahead.

14 BY MR. McBRIDE:

15 Q Okay. Thank you, your Honor.

16 And your Honor, I've handed the witness what's
17 marked as DX94, and this is an excerpt. It's a very large
18 document so we just pulled the pages that identified the
19 specific claims that are listed in this table that we're
20 going to make some claim comparisons to show.

21 Permission to approach the witness, your Honor?

22 THE COURT: Yes.

23 BY MR. McBRIDE:

24 Q I just handed the witness another document DX147.

25 Mr. Morse, if you look at DX94 on page 363, you see claim

1 117?

2 A I do.

3 Q And that's the same claim 117 that shows up in the
4 table at DX1486?

5 A Yes, on the first five rows of page 71.

6 Q And then if you look at DX147 on pages DX15 and 16, you
7 see claim 281?

8 A I do.

9 Q Can you compare those claims?

10 A Claim 281 and DX147-15 has some additional limitations
11 at the beginning from generating graphics information
12 through, in claim 281, through the first two lines on page
13 16 appears to have the same limitations as claim 117.

14 So claim 117 is broader, but this would certainly
15 be a case where you'd want to point out that it was, you
16 know, when you have a broader and narrower claim you
17 typically make an obvious type double patenting rejection.

18 Q So this is one of those claims the examiners did to
19 search for double patenting they might, they come across --

20 A They identified there wasn't a line of demarcation
21 between the claims.

22 Q Okay. And this is a claim in the 398 application,
23 correct?

24 A The claim 117 is from 398 application which is before
25 this Court.

1 Q And the other claim is in a different application?

2 A It's not before this Court.

3 Q Okay.

4 MR. McBRIDE: Permission to approach the witness,
5 your Honor?

6 THE COURT: Yes.

7 BY MR. McBRIDE:

8 Q Handing the witness what's been marked as DX135. And
9 if you look at page 35 DX35, claim 448.

10 A Okay.

11 Q And compare that to claim 186 in DX94.

12 A I'm sorry, can you repeat the number?

13 Q Claim 186 at page DX388.

14 A So again this is a situation where the last half of
15 that claim 448 which is in very small text. You have the
16 same generating and access frame of data compressed image
17 information which would be data compressed image information
18 from claim 186. And you have the same limitations appearing
19 in a narrower form in claim 448, but at a level where
20 there's not an identifiable line of distinction between the
21 two claims, again where you'd want to address double
22 patenting.

23 Q So this is just another example of a claim in the 398
24 application where there's a double patenting issue with a
25 claim in a different application?

1 A Yes.

2 MR. McBRIDE: Permission to approach the witness,
3 your Honor.

4 BY MR. McBRIDE:

5 Q I've handed the witness two exhibits, DX210 and DX173.
6 Starting with DX210, we turn to page DX93 and look at claim
7 51, and compare that to DX173 at pages 54 to 55, claim 51.

8 A So they have the same image input circuit, two
9 dimensional frame buffer, address generator, frame buffer,
10 writing circuit, frame buffer accessing circuit, weight
11 memory, weight memory accessing circuit. Have a scale
12 factor that shows up in one of them and a scale factor
13 memory accessing circuit. Here, I'm reading from the 062
14 claims. And you have a weighing and scaling processor in
15 one versus a weighing processor in the other and an output
16 circuit.

17 So the claim in 062 case is narrower US62 case
18 before the Court is narrower, but there's also a scaling
19 factor but it includes all of the limitations of the 702
20 case.

21 Q So is that another example of a double --

22 A It's another example where you want to raise double
23 patent.

24 Q Okay. So now if you take a look at DX210, page 78,
25 DX78 -- I'm sorry, page 178, claim 24. Compare that to

1 DX173 pages 35 to 36, claim 24.

2 A So again you have a series of the same limitations, an
3 image input circuit. The two dimensional pixel block memory
4 in, you have 62 case has more detail than the two
5 dimensional pixel block memory in the 702 case. Same
6 address generator, a pixel block memory writing circuit.
7 First clock circuit, pixel block memory accessing circuit, a
8 frequency to main processor. Weight memory in both again.
9 A weight memory accessing circuit in both again.

10 Again you have an narrower bit in the 062 case.
11 You have scale factor, scale factor memory accessing
12 circuit. And you're back to the weighing or weighing and
13 scaling processor. A second clock circuit and an output
14 circuit. So this is the situation where the 062 case before
15 this Court is somewhat narrower because there's not
16 different limitations in the 702 case you'd want to address
17 the double patenting.

18 Q And these are just two examples that your team found in
19 the 062 application?

20 A Yes.

21 Q Okay. Do you know approximately how much time they
22 spent looking for those examples?

23 MR. LEVINE: Objection.

24 THE COURT: Overruled.

25 THE WITNESS: I believe it was the same day or the

1 next day sort of project, so no more than a day.

2 MR. McBRIDE: Permission to approach the witness,
3 your Honor?

4 THE COURT: Yes.

5 BY MR. McBRIDE:

6 Q Look at DX50, page 103, claim 413. That's the claim in
7 the 639 application. Compare that to DX148, pages 13 and
8 14, claim 95. This is a claim in the 510 application.

9 A I'm sorry, 413 to 95 is what you were pointing me to?

10 Q Yes.

11 A So this one is a little harder. There's the storing on
12 claim 95 in the 510 from about two thirds of the way down,
13 page 13. You're storing memory address information and
14 address circuit. And then you're generating access dynamic
15 memory information, response to dynamic information. And
16 that corresponds, that picks up to storing information in
17 413 of 639, and then generating access dynamic memory
18 information in response to the dynamic information stored in
19 the dynamic memory. And in response to the address info

20 Q Please slow down just a little.

21 A Sorry. That corresponds to generating access dynamic
22 memory information in response to the dynamic information
23 stored in the dynamic memory and in response to the address
24 information. And then skipping a limitation in the 510
25 claim on page 14, you have writing cache memory, computer

1 instructions into a cache memory in response to the 16-bit
2 information and you have a slightly broader limitation in
3 639, writing cache memory information into a cache memory in
4 response to the access dynamic memory information.

5 And you're storing the cache memory information.
6 Storing the cache memory and generating access cache memory.
7 So the claim 413 and 639 is broader claim. 510 has
8 significantly more detail but you'd want to address that in
9 a double patenting issue.

10 Q Okay. So that's an example in the 639 application. So
11 we have one more to go through. So you should have DX147,
12 should be in the stack somewhere.

13 A I have 148, I'm sorry. 147?

14 Q DX147 we were looking at claim 281 earlier.

15 A Oh, yes.

16 Q Okay.

17 A Can you give me a page number, please. 281?

18 Q Pages nine to 10 looking at claim 271.

19 A Yes.

20 MR. McBRIDE: Permission to approach the witness,
21 your Honor?

22 THE COURT: Yes.

23 BY MR. McBRIDE:

24 Q So if you compare claim 271 in DX47 to DX108 at page
25 11, claim 167.

1 A So both begin with generating a window of three
2 dimensional prospective information, generating data
3 compressed video image information. Generating first data
4 decompressed video image information in response to the data
5 compressed video image information. Generating background
6 vide image information in response to the first data
7 decompressed video image information, generating second data
8 decompressed video image information in response to the data
9 decompressed video image information.

10 Generating irregularly-cropped video image
11 information by cropping to an irregular outline in response
12 to the second data decompressed video information.
13 Generating irregularly cropped textured video image
14 information by texturing in response to the
15 irregularly-cropped video image information. Generating
16 irregularly-cropped overlaid image information, I'm reading
17 from DX147 here. Generally irregularly-cropped overlaid
18 image information by overlaying in response to the
19 irregularly-cropped textured image information and in
20 response to the background image information.

21 There's a difference that 211 includes the word
22 video that has been inserted in three places in that last
23 limitation. And then back to 497, overlaying the
24 irregularly-cropped overlaid image information on the window
25 of three dimensional prospective image information. And

1 again 211 includes the word video.

2 Q Is that the only difference just the inclusion of the
3 word video in the 211 application?

4 A That appears to be. So yes, again this is a situation
5 where the 211 claim is perhaps narrower, but you would want
6 to address that in a double patenting situation.

7 Q Okay.

8 MR. McBRIDE: Your Honor, I'd liked to move these
9 into evidence; DX94, DX147, DX135, DX210, DX173, DX50, DX148
10 and DX108. Not moving in the expert report.

11 THE COURT: Without objection, they'll be
12 received.

13 MR. LEVINE: No objection.

14 [Thereupon, Defendant's Exhibit Nos. 94, 147, 135,
15 210, 173, 50, 148, 108 admitted into evidence.]

16 BY MR. McBRIDE:

17 Q Can you tell us what happened after you issued the
18 series of these requirements? You said there was one in
19 each of the 11 families and when were they mailed out?

20 A Approximately August of 2013 to approximately end of
21 October 2013. Mr. Hyatt filed three, two petitions and a
22 request in each of the, as far as I can tell each of the 300
23 on the applications where the requirement was mailed. One
24 was a petition to expunge based on confidentiality. One was
25 a petition for supervisory review based on a paperwork

1 production act issue, and interpretations of PTO rules and
2 guidance, and one was a request for corrected action by the
3 examiner.

4 And the USPTO addressed those petitions and
5 generally denied them along with the confidentiality
6 petition. There was also a determination from the director
7 of the USPTO who at the time was Teresa Raye, that special
8 circumstances justified inclusion of otherwise confidential
9 information in the requirement in some of the public
10 applications.

11 And there was a renewed petitions about the
12 petition for supervisory review. And Mr. Hyatt filed a
13 lawsuit in the Eastern District of Virginia about the
14 confidentiality issues. And there were I believe two
15 lawsuits filed in the District of Nevada relating to,
16 relating to reopening of appeal briefs.

17 Q In terms of the examination of the claims
18 in Mr. Hyatt's applications --

19 A So after all that happened, approximately six months
20 after the requirements were mailed, Mr. Hyatt replied and
21 the replies tended to be some protests about the requirement
22 itself and the selection of claims and compliance with the
23 requirement. And a statement in most cases that the written
24 description support was to be found in the earlier
25 specification that we had point to and a submission of a

1 clean copy of the claims.

2 Q Okay. And then what happened after that response?

3 A The lawsuits went their merry way. And the petitions,
4 but in terms of examination the examiners picked up the
5 cases and looked at the claims that had been selected and
6 wrote up actions on those and included them in undo
7 multiplicity rejection on the remaining claims which was
8 what we had indicated in the requirement.

9 An undo multiplicity rejection is essentially an
10 indefiniteness rejection. It's a rejection that says you've
11 written so many claims that the claims are starting to
12 obscure what your invention is rather than clarifying what
13 the meats and bounds of your invention are. And we mailed
14 the first of those in about April of 2014.

15 Q And then what happened after that?

16 A So we did that while Mr. Hyatt prepared replies to
17 those office actions. And the first of the responses
18 largely rewrote every claim. They look like the 2015 and
19 2017 responses you had showed me.

20 Q So the two examples of claim amendments from 2015 and
21 2017 were all the words were being completely rewritten,
22 that's what the responses --

23 A There were very substantial amendments, yes.

24 Q And so what the PTO do in response to those amendments?

25 A In most cases the amendments were significant enough

1 that it was a shift of invention that what you're claiming
2 now is no longer what you were claiming. And we wrote a
3 notice of nonresponsive amendment. We said you've amended
4 all your claims and there are no claims left of what you
5 originally presented. And generally those included a
6 warning for laches that said we think this is, this is, this
7 shift this late into prosecution amounts to wasting time
8 when we shouldn't be here.

9 MR. McBRIDE: Permission to approach the witness,
10 your Honor?

11 BY MR. McBRIDE:

12 Q Handed the witness what's been marked as DX65. Are you
13 familiar with this document, Mr. Morse?

14 A This is a notice of nonresponsive amendment that was
15 mailed May of 2015. That gives a little bit of background
16 of the requirements. And it discusses a little bit of,
17 discusses some of Mr. Hyatt's response. It points out that
18 the claims were selected which, you know, we were working
19 with, and three points out some support that was alleged for
20 individual claim elements.

21 I believe at this point the computer elements are
22 found in very old ancestor applications on DX65, page five.
23 Some elements are said to be found in 05/101,881 from 1970.
24 So you know this is kind of going to the trouble in
25 identifying the correct date for written description

1 support. And it points out that essentially we're being
2 shown pieces from different specifications and different
3 patented inventions as support for these claims and not a
4 coherent embodiment which we wanted to see.

5 And then at page 11 it discusses the impermissible
6 shift in prosecution. You know underlying all of this was
7 the assumption that these applications were appropriately
8 differentiated, that somewhere that we weren't seeing there
9 was a different invention claimed in every application. And
10 we were trying to get there. And the idea that we would
11 mail out a rejection of these claims and get a totally new
12 set of claims directed to other stuff is puzzling.

13 We thought that with the unwritten 15,000 claims
14 the claim subject matter was going to be there. We thought
15 our problem was we just weren't seeing it. So --

16 Q Instead of you were getting those large claim
17 amendments?

18 A Instead you got oh, okay, I'm not going in that
19 direction, I'm going in this direction. And so we wrote
20 this notice which is you know it's a somewhat -- it's
21 essentially a restriction. It's what should happen the
22 first time an examiner picks up a case. You've claimed two
23 inventions in your case, you've got to pick one. Except
24 that in this procedural posture we've treated these claims
25 on the merits and now you're adding this. They're distinct

1 by virtue of the fact that we've written an action on the
2 previous claims you have constructively selected them.
3 We're holding you to what you've got.

4 It's an attempt to you know not have the situation
5 where we get amendments that shift claims in an erratical
6 way. It identifies what invention appeared to have been
7 claim before and what invention appears to be claimed now,
8 and it goes through you know some amount of burden on the
9 agency. In this case the burden is particularly bad because
10 you're going to have to redo your double patenting analysis,
11 and you're going to have to redo all the other double
12 patenting analyses you've done in all of the other cases.

13 Q You also have to take another look at written
14 description?

15 A Yes. But I believe the rejection, the first act -- the
16 nonfinal action included a rejection for written description
17 but I'm not entirely clear.

18 Q But if you had looked at the new shifted claims?

19 A We haven't considered the new shifted claims in this
20 application. And at page 15, there's a warning and it says
21 you're rewriting all the claims. You're telling us that it
22 will improve compliance and it looks to us like we're just
23 moving the pieces around.

24 Q And when was this prosecution history laches warning
25 made?

1 A This was May 28th of 2015.

2 Q Do you know if other prosecution laches warnings were
3 provided to Mr. Hyatt in other applications?

4 A We identified at least 50 more broadly similar papers
5 where there were in a list, where the issues -- it didn't
6 always include issues of, issues where the written
7 description support was scattered across multiple
8 applications like this one did, but it included shift to
9 invention, nonresponsive for that reason. Okay. Where are
10 we going? It looks like this is delay.

11 Q Okay. And after, after you issued these laches
12 warnings and this office action, for example, then what
13 happened?

14 A This pattern continued for a while. We were writing
15 office actions that included treatment of the selected
16 claims and undo multiplicity rejection, and got back
17 substantial amendments for at least a year.

18 Q For example, one of those amendments we looked at
19 earlier was a 2017 amendment?

20 A Yes, one was 2015 and one was 2017.

21 Q And those were the large ones that had the hundreds of
22 pages?

23 A Yes. So when the behavior persisted long enough we saw
24 the responses to nonresponsive amendment were moving in the
25 same direction and we added a prosecution laches rejection.

1 Q Okay.

2 MR. McBRIDE: Your Honor, permission to approach
3 the witness?

4 BY MR. McBRIDE:

5 Q Your Honor, I've handed the witness what's been marked
6 as DX192. Mr. Morse, are you familiar with this document?

7 A This is a nonfinal office action from September 26th,
8 2016 in serial 08/471,846. And it goes through some amount
9 of normal treatment of Mr. Hyatt's response to the
10 requirement, some typical issues about, you know. On page
11 11 there's a complaint about how the priority is claimed,
12 sort of typical issues.

13 However, and laches is not a typical rejection the
14 office writes. On page 14 of this exhibit there's a
15 prosecution laches rejection.

16 Q And is that the section entitled Forfeiture of Patent
17 Rights Under Laches?

18 A It is. So it goes through legal background. There's a
19 few Supreme Court cases and a few relatively modern Federal
20 Circuit cases. On page 17, it begins some history of what
21 went on in these cases. It goes over the timeline of the
22 bulk filing of these applications that results in the math
23 that you see here.

24 It gives the table that we've discussed before
25 that has on page 18 of this exhibit that describes the

1 family, the families of applications and how many
2 applications there are, and what the earliest claim priority
3 date is and when the earliest identical specification
4 appears to have been filed.

5 It identifies some unexplained delays prior to
6 '95. There was up to 25 years from the earliest claim
7 priority date in 1970 to the bulk filings in 1995. On page
8 20, it gives a little bit of chronological history that
9 should by now be familiar and includes reference to director
10 Godici's interview. And starts from you know on the middle
11 of page 21 it appeared to us that there should have been 400
12 differentiated applications sometime in the mid to late
13 1990s.

14 And points out that Mr. Hyatt has never given us a
15 plan that identifies those lines. And that he recently told
16 us that there wasn't a plan that you know quoting, a
17 quotation from a response beginning at the bottom of page
18 21. "Applicant first states there's no such master plan,
19 and ask why the office should assume he has a master plan."

20 On page 22, there's a comment from the Board of
21 Appeals and Interferences.

22 Q Going back to that quotation, could you just finish
23 going through that?

24 A I'm sorry, to where?

25 Q You were talking about the quotation where he says he

1 has no master plan.

2 A Well continuing, "At the time applicant made this table
3 and today the office had issued office actions in only some
4 of the applications of this family and applicant had
5 responded in only some applications. There are about 400
6 applications across all families. Just the office cannot
7 respond to -- cannot issue 400 office actions on one day.
8 Applicant is unable to respond regarding 400 applications at
9 once. Applicant intends to focus the claims of this
10 application to the subject matter now identified."

11 So present and future tense this is something
12 that's not yet happened, and something that is happening in
13 --

14 Q And this is quoted from a response Mr. Hyatt filed in
15 October of 2015?

16 A It is. That's what this document says.

17 Q And that's roughly 20 years after he had the meeting
18 with Mr. Godici in which he agreed to focus his claims?

19 A Roughly 20 years, almost exactly 20 years.

20 Q Did that strike you as unusual?

21 MR. LEVINE: Objection.

22 THE COURT: Sustained. I sustained it.

23 BY MR. McBRIDE:

24 Q Can you continue reading the quotation.

25 A Sure. "He has more particularly chosen the amended

1 claims of this application to avoid to the extent he can
2 significant overlapping with other applications of this
3 family in which he has recently submitted amendments for the
4 purpose of focusing claims. He has not considered how to
5 amend all 400 of his applications in any master plan."

6 Q Okay. This is one of the factors that prompted the
7 prosecution laches rejection?

8 A Yes. I mean to the extent that there was an assumption
9 there was delineation that we didn't see and this was a
10 statement that there isn't delineation that we can't see it
11 was a factor.

12 Q Okay. Can you continue walking us through the action?

13 A It discusses an earlier requirement at the bottom of
14 page 22, an earlier requirement that had been made to
15 maintain a line of demarcation. And that was a quotation
16 from Board decision. And you know on page 23 there's a
17 statement that it doesn't appear that applicant did do any,
18 his applications meaningfully and also a statement that
19 examinations slowed down after, you know, 2003.

20 Q It refers to the ongoing litigation at the time?

21 A It does. You know there's many 145 proceedings and
22 scope of the 145 proceedings and the appropriate standards
23 for 112 first paragraph written description rejections.
24 We're being contested and they were major issues in these
25 cases.

1 Q Okay.

2 A On page 23, it gives some examples of identical claims
3 that were found in related applications. And these would be
4 basically some, they would be similar to the claims that we
5 talked about in the requirements that we walked through two
6 of to show the lack of delineation. Kind of paraphrasing
7 what I had said earlier in the middle of page 25, underlying
8 the requirements were the assumptions that applicant had a
9 reason for filing as many applications as he did. And they
10 were appropriate differentiated claims in each application.
11 And that the claims and applications were direct to the
12 inventions applicant had intended to claim all along.

13 Moving to page 27, there's a particular example of
14 a shifted claim from 2016. This particular one application
15 08459648, claim 121, the only word that remains constant is
16 the word comprising. It was a process and now it's a
17 system, a system being largely a device. And the old claim
18 storing manufacturing information, generating camera image
19 information with a camera, generating artificial
20 intelligence information and assembling an automobile,
21 simplifying somewhat.

22 So you're using a camera and somehow building a
23 car. A new claim a receiver configured to receive input
24 information from an input communication information link.
25 An input communication link coupled to a remote ground

1 station, a charged storage memory, a plurality of
2 processors. At least one of the processors configured to
3 provide relational management of a database.

4 At least one of the processors configured to
5 access real estate database information. At least one of
6 the processors configured to generate rotated and translated
7 3D prospective real estate information, and a display device
8 configured to display an image representing an operator
9 roaming through a 3D prospective real estate environment.

10 Q I mean without reading all of the limitations, is this
11 just examples of --

12 A You're building a car and then you are creating a 3D
13 prospective real estate information.

14 Q So you're shifting from one to the other?

15 A It's Mr. Clarke's table and a saw.

16 Q Okay. And that's other examples of this shifting from
17 one invention to another?

18 A I won't read the next one, but you're starting from in
19 09459508, claim 248. You have material environment
20 information that you are evaluating. And the new claim is,
21 it's ultimately you know display monitor with series of
22 memory controllers. There's another example.

23 Q Okay. And what's --

24 A Moving onto page 32, there is a table with the laches
25 warnings that were given generally in a notice of

1 nonresponsive amendment that looked like the one we stepped
2 through.

3 Q So page 32 this is the list of the latches warnings
4 that had been given?

5 A It is. Starting from the last line and then all of
6 page 31 and then almost all of page 32. And then at the
7 bottom of page 32, again, there's having represented to the
8 office in 1996 that well differentiated focus preliminary
9 amendments were being formulated and submitted. It doesn't
10 seem fair to shift at this point. And then on the middle of
11 page 35, there are identifications of what were then
12 contemporaneous responses that appear to repeat the pattern.
13 So these are June through August responses that are
14 following this same path.

15 Q When you say "following the same path," they have the
16 same type of amendments that were rewriting and writing new
17 claims?

18 A Yes. And that's over a year since we had begun sending
19 out the warning, the notices in about April of 2015. So
20 essentially plenty of time to react. The bottom of page 35,
21 there's an external, there's a mention of an article that
22 discussed the general situation. And there are citations
23 from two different courts that, sorry a decision from one
24 court that points out that Mr. Hyatt is taking a longer path
25 to obtain the relief he seeks.

1 Q What was the longer path in that case?

2 A Mr. Hyatt had filed an Administrative Procedure Act in
3 Nevada that was in some months transferred to EDVA. And the
4 District Court in Nevada said well, the patent office says
5 you should go to the Federal Circuit and it could go to
6 either the Federal Circuit or the Eastern District of
7 Virginia. And since Mr. Hyatt would like to go to the
8 Eastern District of Virginia we're sending it there even
9 though it might take longer.

10 Q So it would have been faster to go to the Federal
11 Circuit?

12 A Yes.

13 Q And what's the other case that's prefaced here?

14 A The other case is 901 action which is a decision of
15 this Court and I won't read it back to this Court.

16 Q Okay, good. So that's the summary of the laches
17 rejection?

18 A That's laches rejection that proceeds on to treat the
19 claims on other issues.

20 Q And were similar laches rejections made in other
21 applications?

22 A Since about September of 2016, yes.

23 Q Do you know approximately how many?

24 A Probably at least -- no, I don't have a number, but
25 more than a hundred.

1 Q More than a hundred. Okay. And could you just go back
2 to show the date of this prosecution laches rejection?

3 THE COURT: We'll go back and do it at
4 two o'clock. Have a nice lunch.

5 MR. McBRIDE: Okay. Thank you.

6 [Thereupon, luncheon recess taken at 12:41 p.m.]

7 CERTIFICATE

8 I, Cathryn J. Jones, an Official Court Reporter
9 for the United States District Court of the District of
10 Columbia, do hereby certify that I reported, by machine
11 shorthand, the proceedings had and testimony adduced in the
12 above case.

13 I further certify that the foregoing 80 pages
14 constitute the official transcript of said proceedings as
15 transcribed from my machine shorthand notes.

16 In witness whereof, I have hereto subscribed my
17 name, this the 12th day of October, 2017.

18
19
20 /s/_Cathryn J. Jones
21 Cathryn J. Jones, RPR
22 Official Court Reporter
23
24
25

Exhibit GG

Inventor battling U.S. over patents from '70s

Ken Ritter, AP Tech Writer Published 1:13 p m ET March 23, 2014



(Photo: K.M. Cannon, AP)

LAS VEGAS (AP) — One by one, Gilbert Hyatt pointed to the adding machine, the first-generation Sony PlayStation console, the television, the handheld video recorder and the telephone switching device arrayed on the conference-room table.

Each has technology that he invented and patented, he said.

Hyatt, 75, of Las Vegas, said he has obtained more than 70 patents since the 1960s, including one on a single-chip microcomputer that was widely licensed and became a component of the many products on the table.

Now, Hyatt is fighting patent officials, accusing them of stalling two applications that he sought more than 40 years ago and are still pending.

He filed a lawsuit in January against the Patent and Trademark Office in federal court in Las Vegas seeking a final decision on the applications he submitted in 1971 and 1972 for a device he calls a square-wave signal processor. He said the device converts analog and digital signals in control systems on machines, including those that make circuit boards and integrated circuits.

"There's justice out there, and I'm seeking justice," he said.

Hyatt said he thinks his trouble with the patent office began when he won a 20-year battle to get the single-chip microcomputer patented in 1990.

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"The patent office was under a lot of criticism for taking so long," Hyatt said. "That was about the time the retaliation started."

Hyatt said the more he fought and appealed other patents, the longer officials dragged out his applications.

It got worse after 2012, when the Supreme Court ruled in one of his appeals, *Kappos v. Hyatt*, that patent applicants have an unlimited ability to introduce new evidence while a case is pending.

Hyatt's current civil lawsuit claims the Patent and Trademark Office has "unlawfully withheld or unreasonably delayed" the two applications. The lawsuit asks a judge to give patent officials three months to make a decision.

Patent office spokesman Paul Fucito in Alexandria, Va., and Natalie Collins, spokeswoman for the U.S. Attorney's Office in Nevada declined comment Friday on the lawsuit and Hyatt's claims. They cited policies against discussing ongoing litigation.

In court documents filed March 10, attorneys for the patent office asked the judge to dismiss Hyatt's complaint, saying the court lacked jurisdiction and that Hyatt "failed to exhaust his administrative remedies" within the patent office.

The judge didn't immediately issue a ruling.

Hyatt expressed disbelief.

"You can't exhaust your remedies if they will never give you an action," he said. "They will sit on it until I am no longer around."

R. Polk Wagner, a patent law professor at the University of Pennsylvania who has tracked patent applications since 1976, said some patent applications can be slowed during a review of how an invention affects national security.

But he acknowledged that 40 years was an unusually long review period on any case.

"In my experience, the Patent and Trademark Office has every incentive to process applications quickly," Wagner said. "The trick for the PTO is to process them as quickly as they can while being accurate. There is certainly no incentive for this significant kind of delay."

Hyatt is a detail-oriented man who speaks softly but resolutely and wears an American flag pin on his lapel. He has profited from his patents and his legal battles.

He acknowledged that a licensing deal with Royal Philips NV on 23 patents including the single-chip microcomputer earned him more than \$150 million.

In 2008, a Nevada state court jury awarded him \$388 million in a lawsuit accusing California tax authorities of improperly hounding him after he moved from La Palma, Calif., to Las Vegas in 1991. The Nevada Supreme Court is considering an appeal of the judgment, now worth more than \$490 million.

Hyatt pointed to a footnote in the government request to dismiss his current patent-delay case that said that before his lawsuit was filed, officials had resumed examination of one of the patent applications.

"The USPTO expects to issue an examiner's answer in the near future," it said.

Hyatt said he wasn't sure the patents would be valuable anymore.

"Things have moved a long way from that technology in 40 years," he said. "I've been harmed by not getting an early patent when the technology was fresh and novel."

If he had gotten the patents in the early 1970s, he could have collected royalties, funded his research, "and the country and I would have been much better off," Hyatt said.

"I was a struggling inventor in that time frame," he said.

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Can the Right Device Help Students Achieve More?

Microsoft

America's leading patent law source

Appealing a BPAI Rejection: Can the Applicant Present New Arguments and New Evidence to the District Court?

🕒 February 17, 2010 💡 Affirmed Without Opinion, anticipation, Enablement, Federal Circuit En Banc, obviousness, USPTO Director, Written Description 👤 Dennis Crouch
Hyatt v. Kappos (Fed. Cir. 2010)

The Federal Circuit has ordered an *en banc* rehearing of its August 14 decision. The appeal focuses on evidentiary and procedural limits of an appeal of a BPAI decisions to a District Court under 35 USC 145. The Court framed the *en banc* issues as follows:

(a) Are there any limitations on the admissibility of evidence in section 145 proceedings? In particular—

- (i) Does the Administrative Procedure Act require review on the agency record in proceedings pursuant to section 145?
- (ii) Does section 145 provide for a de novo proceeding in the district court?
- (iii) If section 145 does not provide for a de novo proceeding in the district court, what limitations exist on the presentation of new evidence before the district court?

(b) Did the district court properly exclude the Hyatt declaration?

Background: Hyatt's district court action was originally filed in 2003 as *Hyatt v. Rogan* after the BPAI sustained written description and enablement rejections for seventy-nine of Hyatt's claims. The examiner had issued 45 separate rejections of Hyatt's claims based on the doctrines of inadequate "written description, lack of enablement, double patenting, anticipation, and obviousness." Complicating the case is the fact that the application's claimed priority date is 1975.

The issues in this appeal case arose when Hyatt filed a civil action in DC District Court to challenge the BPAI decision. In the civil action, Hyatt submitted a new declaration offering additional evidence of enablement and written description. However, the district court excluded that inventor-declaration from evidence based on Hyatt's "negligence" in failing to previously submit the information to the PTO.

Writing for the majority in the **original panel opinion**, Judge Michel affirmed the exclusion of evidence – holding that the district court may properly exclude evidence that Hyatt should have produced to the PTO. Judge Moore penned a compelling dissent in support of the patent

applicant's right to a full civil action including the right to submit additional evidence when challenging a PTO decision.

Briefing: Hyatt's *en banc* brief will be due around March 31 and the USPTO's response due 28-days later. Briefs of amici curiae may be filed without leave of the court, but must otherwise comply with FRAP 29 and Fed Cir R 29.

* * * * *

35 U.S.C. 145 Civil action to obtain patent.

An applicant dissatisfied with the decision of the Board of Patent Appeals and Interferences in an appeal under section 134(a) of this title may, unless appeal has been taken to the United States Court of Appeals for the Federal Circuit, have remedy by civil action against the Director in the United States District Court for the District of Columbia if commenced within such time after such decision, not less than sixty days, as the Director appoints. The court may adjudge that such applicant is entitled to receive a patent for his invention, as specified in any of his claims involved in the decision of the Board of Patent Appeals and Interferences, as the facts in the case may appear, and such adjudication shall authorize the Director to issue such patent on compliance with the requirements of law. All the expenses of the proceedings shall be paid by the applicant.

About Dennis Crouch

Law Professor at the University of Missouri School of Law. [View all posts by Dennis Crouch](#) →

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Bits and Bytes No. 125: Comments on Comments

🕒 August 14, 2009 ⚡ Inequitable Conduct, Trade Secrets, USPTO Director 👤 Dennis Crouch

- **Gil Hyatt's attorney contacted me** this morning and asked that a few “offending” comments be removed from the post associated with his case. I agreed that they were potentially problematic and removed them. Two discuss LL's role as an examiner of HYATT's cases. Because Hyatt's applications were filed before 1995, those files are likely still secret and thus should not be publicly discussed. I also removed the “sleazeball” comments. As a reminder to commenters – you may appear anonymous, but a well heeled plaintiff could probably track you down unless you take special precautions. I have thus far successfully resisted providing any identifying information to interested parties. However, I would obey a court order.
- **For PTO Examiners who Comment Regularly.** I enjoy your comments and they helpfully reveal aspects of PTO operations that would otherwise be hidden. You should, however, occasionally re-read MPEP 1701: “Public policy demands that every employee of the United States Patent and Trademark Office (USPTO) refuse to express to any person any opinion as to the validity or invalidity of, or the patentability or unpatentability of any claim in any U.S. patent, except to the extent necessary to carry out (A) an examination of a reissue application of the patent, (B) a reexamination proceeding to reexamine the patent, or (C) an interference involving the patent. “
- **Fraud not Inequitable Conduct:** IPO executive director Herb Wamsley (writing as the IP LANGUAGE CURMUDGEON) argues that the term “Inequitable Conduct” is misleading. The doctrine does not follow a traditional balancing of the equities, but is seated in fraud. Thus, Wamsley “proposes scrapping the term ‘inequitable conduct’ in favor of ‘fraud,’ a term that is not very well defined in law either, but which better conveys the idea that patents should be unenforceable only if serious misconduct has been proven. If courts had to find ‘fraud’ before they could hold a patent unenforceable, perhaps they would apply the doctrine now called inequitable conduct only in cases of very clear intent and materiality” as the law requires. I think that Wamsley's suggestion makes perfect sense.
- **IPO's annual meeting is Sept 13-15 in Chicago:** [Link](#). Over 500 individuals (including yours truly) are already signed-up to attend this patent law powwow. This is probably the largest mixer of in-house patent counsel and patent attorneys in private practice. The only problem is the cost: IPO members pay \$950; Non-Members pay \$1,450; Inventors and academics pay \$500.
- **Update on the Faculty Position at the University of Utah Law School :** They are hiring, but may not have received your e-mail. “Due to a server switch, the email address facultyrecruitment@law.utah.edu was not functioning correctly for a few days in August. We sincerely apologize for this error. As of today, August 14th, the email address is once again fully functional. We encourage interested applicants to send their materials to us at that email address, particularly those who sent, or attempted to send, materials in the past two weeks, so that we can be sure that we received them.” [[Read the Job Listing](#)] [Klarquist Sparkman is also looking for an **O-Chem Patent Attorney or Agent**]



About Dennis Crouch

Law Professor at the University of Missouri School of Law. View all posts by Dennis Crouch →

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Case Study: Kappos V. Hyatt

(April 30, 2012, 1:44 PM EDT)

In a unanimous decision, the Supreme Court of the United States affirmed the U.S. Court of Appeals for the Federal Circuit and held that 35 U.S.C. §145 imposes no special limitation on a patent applicant's right to introduce new evidence in a civil action involving district court appeals from final determinations of the U.S. Patent and Trademark Office.

Justice Clarence Thomas delivered the majority opinion. Justice Sonia Sotomayor, concurring, added the decision did not foreclose a district court's authority to exclude evidence "deliberately suppressed" from the USPTO. As a result of this ruling, applicants disappointed by rulings of the USPTO Board of Patent Appeals and Interferences, rather than appeal directly to the Federal Circuit (under 35 U.S.C. §141), may consider filing a civil action under §145 with the opportunity to supplement the administrative record. *Kappos v. Hyatt*, Case No. 10-1219 (S. Ct., April 18, 2012).

Summary

The Supreme Court, affirming an en banc Federal Circuit ruling, held that the only limitations on the admissibility of new evidence in a §145 proceeding are those already imposed by the Federal Rules of Evidence and Federal Rules of Civil Procedure. The Supreme Court also held that, if new evidence is presented on a disputed question of fact, the district court must make de novo factual findings that take account of both the new evidence and the administrative record before the USPTO.

Procedural Background

The case stems from a patent application filed by Gilbert P. Hyatt. During prosecution, the examiner issued a final office action rejecting all pending claims for a failure to comply with the requirements of 35 U.S.C. §112. Hyatt appealed to the USPTO Board of Patent Appeals and Interferences, which reversed some of the examiner's rejections, but upheld others. Hyatt filed a civil action at the U.S. District Court for the District of Columbia under §145.

In response to a summary judgment motion filed by the USPTO, Hyatt submitted a declaration identifying portions of the specification that he claimed supported the rejected claims under §112. The USPTO objected to the declaration, arguing the new evidence should not be considered because Hyatt did not raise it before the USPTO, despite being able to do so.

The district court agreed with the USPTO, ruling that Hyatt's failure to present the evidence to the USPTO constituted a negligent act. With no new evidence submitted, the district court reviewed the board's fact findings for substantial evidence and granted the USPTO's summary judgment motion. Hyatt appealed to the Federal Circuit.

In an initial panel decision the Federal Circuit affirmed the lower court's ruling. The panel majority, while acknowledging that new evidence can be submitted in §145 proceedings under certain circumstances, concluded that new evidence should not be permitted if it could and should have been introduced at the PTO. The panel also held that the Administrative Procedure Act imposed limitations on the introduction of new evidence in §145 actions.

The Federal Circuit later heard the appeal en banc. In its en banc ruling, the Federal Circuit held that applicants are free to introduce new evidence in §145 proceedings subject only to the Federal Rules of Evidence and the Federal Rules of Civil Procedure, even if the applicant had no justification for

Gen. Stud. 1330ppl Filed 11/30/18

failing to present the evidence to the USPTO. The court also held that the district court must make de novo findings to take new, conflicting evidence into account during §145 proceedings.

The Supreme Court Ruling

The Supreme Court began by analyzing the express terms of §145, concluding that the statute neither imposes unique evidentiary limits in district court proceedings nor establishes a heightened standard of review for factual findings by the USPTO.

The Supreme Court then considered the USPTO's argument that district courts should give administrative deference to its factual findings, and only consider new evidence if the party did not have an opportunity to present it to the agency. The Supreme Court rejected the argument, finding that no matter how great its expertise, the USPTO cannot account for evidence it has never seen.

Thus, the Supreme Court concluded, it makes little sense for the district court to apply a deferential standard of review to USPTO factual findings that are contradicted by the new evidence. The Supreme Court further held that the principles of administrative exhaustion do not apply in a §145 proceeding because, by the time such a proceeding occurs, the USPTO's process is complete.

The court also analyzed the predecessor statute to §145, R.S. 4915, and Supreme Court cases analyzing that statute: *Butterworth v. United States ex rel. Hoe* (1884) and *Morgan v. Daniels* (1894). Noting a perceived tension between the two cases, the court explained that *Butterworth* was more analogous and guided its decision here.

In *Butterworth*, the Supreme Court observed that an R.S. 4915 proceeding should be "prepared and heard upon all competent evidence adduced and upon the whole merits." Likewise, the Supreme Court concluded that a district court conducting a §145 proceeding may consider "all competent evidence adduced," and is not limited to considering only new evidence that could not have been presented to the USPTO.

The Supreme Court further found that when new evidence is introduced in a §145 proceeding, the district court, in its role as fact-finder, must assess the credibility of new evidence, reconcile the new evidence with the administrative record and evaluate the weight the new evidence deserves. The Supreme Court explained, "where new evidence is presented to the district court on a disputed fact question, a de novo finding will be necessary to take such evidence into account together with the evidence before the board." The Supreme Court moreover agreed with the Federal Circuit that the district court may, in its discretion, "consider the proceedings before and findings of the Patent Office in deciding what weight to afford an applicant's newly admitted evidence."

The Supreme Court found it unlikely that patent applicants would withhold evidence from the USPTO intentionally with the goal of presenting that evidence for the first time to a nonexpert judge, noting that an applicant who pursues such a strategy would be intentionally undermining his claims before the USPTO on the speculative chance that he or she would gain some advantage in the §145 proceeding by presenting new evidence to a district court judge.

Concurring Opinion

In the concurring opinion, Justice Sotomayor noted there may be situations in which an applicant's conduct before the USPTO calls into question the propriety of admitting evidence presented for the first time in a §145 proceeding before a district court. In those situations, a district court maintains its authority to exclude evidence "deliberately suppressed" from the USPTO or otherwise withheld in bad faith, consistent with "the ordinary course of equity practice and procedure." Otherwise, when a patent applicant fails to present evidence to the USPTO due to ordinary negligence, a lack of foresight or simple attorney error, the applicant should not be stopped from presenting the evidence for the first time in a §145 proceeding.

Practice Note

Patent applicants need not fear that if they fail to bear the financial burden of submitting essentially all possible evidence to the board, they are foreclosed from using §145 as an effective vehicle for supplementation of the record on appeal. However, in cases where no new evidence is introduced in

a §145 procedure, the standard of review will be the same as that which applies in a §141 appeal, i.e., the “substantial evidence” standard. Thus, there is no reason to file a §145 appeal unless the introduction of new evidence is contemplated.

Given the similarity between §145 and its Lanham Act counterpart, 15 U.S.C. §1071(b), the standards set forth in the *Hyatt v. Kappos* decision are likely to apply to proceedings challenging decisions the Trademark Trial and Appeal Board.

In its en banc ruling, the Federal Circuit addressed the question of whether issues (and evidence related to those issues) not raised before the USPTO may be raised before the district court in a §145 proceeding. The Federal Circuit answered in the negative. The Supreme Court, however, in its decision, did not directly address whether an applicant is precluded from raising a new issue. Based on the rationale of the high court decision, it appears that new evidence would be admissible, regardless of whether it relates to issues not raised before the USPTO (subject, of course, to the limitations of the Federal Rules of Evidence and Federal Rules of Civil Procedure).

--By Paul Devinsky and Charles J. Hawkins, McDermott Will & Emery LLP

Paul Devinsky is a partner, and Charles Hawkins is an associate, in McDermott Will's Washington, D.C., office.

The opinions expressed are those of the authors and do not necessarily reflect the views of the firm, its clients, or Portfolio Media Inc., or any of its or their respective affiliates. This article is for general information purposes and is not intended to be and should not be taken as legal advice.

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America's leading patent law source

Challenging PTO Decisions in District Court: Federal Circuit Affirms Exclusion of Enablement Evidence that "Should Have" Been Raised During Prosecution

🕒 August 12, 2009 ⚡ Affirmed Without Opinion, anticipation, Enablement, Inequitable Conduct, obviousness, Supreme Court, Written Description 👤 Dennis Crouch
[Hyatt v. Doll](#) (Fed. Cir. 2009) [07-1066.pdf](#)

Gil Hyatt is a prolific inventor who has spent much of his time over the past thirty years challenging the bounds of USPTO practice. This August 11, 2009 opinion marks the seventeenth Federal Circuit decision focusing on Hyatt's patent rights in addition to the 2003 Supreme Court decision *Franchise Tax Bd. of California v. Hyatt*.

This Case: During prosecution, the examiner rejected each of Hyatt's 117 computer memory architecture claims based on anticipation, obviousness, enablement, double patenting, *and* written description. Hyatt appealed (*pro se*) to the BPAI who reversed the bulk of the rejections, but affirming only the written description and enablement rejections associated with 79 claims. Hyatt then took his case to Federal Court by filing a civil action in DC District Court grounded in 35 U.S.C. 145.

At the district court, Hyatt submitted a new declaration offering additional evidence of enablement and written description. However, the district court excluded that inventor-declaration from evidence based on Hyatt's "negligence" in failing to previously submit the information to the PTO.

On appeal, the Federal Circuit *affirmed* the exclusion of evidence – holding that the district court may properly exclude evidence that Hyatt should have produced to the PTO. (Chief Judge Michel as author joined by Judge Dyk)

Hyatt was obligated to respond to the examiner's written description rejection by In re Alton, 76 F.3d 1168, 1175 (Fed. Cir. 1996), by explaining where in the specification support for each of these limitations could be found. . . . The Board noted, "It is far easier for appellant to describe where the limitation he wrote is disclosed than for the Office to prove that the limitation is not disclosed." . . . Hyatt, however, refused to cooperate, even though he necessarily possessed the information the examiner sought by the time he filed his application.

On these facts, the district court's exclusion of Hyatt's new evidence must be affirmed. . . . [I]t is clear from the record that Hyatt willfully refused to provide evidence in his possession in response to a valid action by the examiner. Such a

refusal to provide evidence which one possessed was grounds in Barrett to exclude the withheld evidence. Similarly, we hold that in light of Hyatt's willful non-cooperation here, the district court did not abuse its discretion by excluding the Hyatt declaration.

Judge Moore penned a vigorous dissent in support of the patent applicant's right to a full *civil action* including the right to submit additional evidence when challenging a PTO decision.

The majority takes away this patent applicant's fundamental right to a "civil action to obtain [a] patent" as granted by Congress in 35 U.S.C. § 145. Today the majority decides that a patent applicant may not introduce the inventor's declaration in a § 145 proceeding before the district court because the inventor had an "affirmative duty" or "obligation" to disclose this evidence to the PTO. His failure to fulfill his affirmative duty, by not disclosing evidence he could have disclosed to the PTO, results in such evidence being excluded from the district court § 145 proceeding. The district court made no fact findings indicating willful withholding or intentional suppression; in fact, the district court did not even conclude that Mr. Hyatt's conduct amounted to gross negligence, but rather excluded the evidence under a negligence "could have" standard. Nor did the PTO even argue, at any stage of these proceedings, that Mr. Hyatt's conduct in this case was willful or intentional. Nonetheless, the majority concludes that the applicant "owed," the PTO all evidence he possesses that is responsive to a rejection and that failure to fulfill this newly created "affirmative duty" amounts to willful withholding as a matter of law. There are only two possible ways to interpret the majority's willful withholding determination. Either the majority is engaging in appellate fact finding or it is determining that breach of its newly created affirmative duty is willful withholding as a matter of law.

...

Congress granted patent applicants the right to a civil action in the district court distinct from their right of appeal. It is our obligation to protect the distinction Congress codified in § 145, not to reweigh the virtues of that decision. The § 145 proceeding is a civil action and ought to be governed by the same Federal Rules of Evidence that govern other civil actions. Patent cases do not need, nor should they have, special rules of evidence.

...

The statute itself distinguishes the appeal that may be brought pursuant to 35 U.S.C. § 141 because a § 145 action is not an appeal; it is a "civil action." The statute obligates the district court to adjudicate the facts in this civil action. Because the statute affords no limitations on the type of evidence that ought to be admissible in

a civil action brought under § 145, the standard Federal Rules of Evidence that govern all civil actions ought to govern. The legislative histories of § 145 and its predecessor statute, section 4915 of the Revised Statutes, repeatedly and without contradiction indicate that the intent of Congress was to permit a patent applicant to bring a new suit built upon a new record. . . . Congress intended that the district court in a § 145 action have everything that a court would have in an infringement suit. Under this standard, Congress certainly intended for an inventor, such as Mr. Hyatt, to be permitted to introduce his own declaration in a § 145 action.

...

The majority holds that by failing to offer his testimony to the PTO, Hyatt has failed to satisfy "an affirmative and specific duty." Maj. Op. at 2. In this way, this new affirmative duty for prosecution seems to resemble inequitable conduct, though here the applicant is penalized regardless of their intent. . . . With all due respect to the majority, I do not believe a new "affirmative duty" to disclose is warranted, nor do I believe Hyatt was "required by law" or "obligated" to provide his declaration to the PTO. While Mr. Hyatt may have failed to overcome the rejections or to convince the Board based upon his submissions to the PTO, he did not fail to fulfill an "obligation" or "affirmative duty" as the majority alleges.

...

In this case, the district court found that Mr. Hyatt's failure to proffer his

declaration to the PTO was merely negligent. . . . I find troubling the majority's characterizations of Mr. Hyatt. See, e.g., Maj. Op. at 51 (Mr. "Hyatt purposefully kept [the Board] in the dark"); id. (his "blatant non-cooperation"); id. at 50 (Mr. "Hyatt willfully refused to provide evidence in his possession"); id. (Hyatt "refused to cooperate"); id. ("Hyatt's willful non-cooperation"); id. at 55 ("Hyatt willfully refused"); id. at 49 (providing his declaration "should have been simple for him"); id. at 55 (that Hyatt's failure "to perform a simple task that it was his burden to perform is inexcusable"); id. at 54 ("Hyatt's perverse unhelpfulness"). None of this appears in the district court proceedings, the PTO proceedings, or the record—these fact findings ought to be left to the district court which is in the best position to weigh the contradictory evidence.

...

Contrary to the appellate finding of willful withholding, the record contains ample evidence of a lack of willful withholding. Here, the examiner rejected all of Mr. Hyatt's 117 claims for lack of written description, failure to enable, obviousness-type double patenting (over 8 separate references), and Schneller-type double

patenting (over the same 8 references). The examiner also rejected 9 claims as anticipated (Hill reference) and 7 as obvious (over a combination of three references). Technically, Mr. Hyatt was appealing 45 separate issues totaling 2546 separate rejections of his 117 claims to the Board. He wrote a 129-page appeal brief addressing all of these different rejections. And, to be clear, the Board reversed all the examiner's rejections for obviousness, anticipation, obviousness-type double patenting, Schneller-type double patenting, and many of the written description and enablement rejections. With regard to the written description rejections in particular, the Board reversed the rejections of 38 claims and sustained the rejections of 79 claims. Mr. Hyatt prevailed on 92% of all the examiner's rejections at the Board level. Despite Mr. Hyatt's success, the majority declares Mr. Hyatt's response to be "completely and wholly inadequate" and Mr. Hyatt to have been perversely unhelpful. *Maj. Op.* at 55, 56.

...

Although Mr. Hyatt may have failed to overcome all of the written description rejections based upon his submissions to the PTO, he did not fail to fulfill an "obligation" or "affirmative duty," and he certainly was not "perversely unhelpful" as the majority alleges. . . I believe the court is wrong to hold that breach of the newly created affirmative duty, i.e., not producing evidence to the PTO, is willful withholding as a matter of law.

...

In hindsight, perhaps Mr. Hyatt should have submitted his declaration or that of any other expert earlier in the prosecution process. But hindsight is misleadingly acute. Declarations and expert reports are time consuming and expensive to prepare. It is hardly reasonable or even desirable to require patent applicants to put massive declarations into the record at an early stage of prosecution, weighing the cost to both the applicant and the PTO. See generally Mark A. Lemley, *Rational Ignorance at the Patent Office*, 95 Nw. U.L. Rev. 1495 (2003) (arguing that it would be inefficient for the PTO to overinvest in examination because so few patents are enforced). In this case, for example, the examiner rejected the claims on many different bases (double patenting on 8 different references, obviousness, anticipation, enablement, written description, etc.), totaling 2546 separate rejections. The Board overturned nearly all of them. It is easy with the benefit of hindsight to say Mr. Hyatt should have introduced more evidence on written description to the Board. But Mr. Hyatt was not facing merely a written description rejection, he was facing 2546 separate rejections on many, many different bases. The majority implausibly asserts that 2546 separate rejections is "proportional to Hyatt's prosecution of an application containing 117 pending claims spanning 79 pages." *Maj. Op.* at 56 n.35. An average of 21 rejections per claim is hardly proportional. Mr. Hyatt was forced to appeal 45 independent issues

to the Board when the average is two. Dennis D. Crouch, Understanding the Role of the Board of Patent Appeals in Ex Parte Appeals, 4, available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1423922. Despite this challenge, Mr. Hyatt was largely successful on appeal. Further, the length of Mr. Hyatt's application suggests that his efforts to pinpoint pages containing certain terms was helpful and in good faith. Mr. Hyatt's response may have been especially valuable in the time before searchable electronic applications.

To say that Mr. Hyatt had an affirmative duty to introduce all evidence to the Board or that he "owed" (Maj. Op. at 56) all the evidence he possessed is to put an enormous and undesirable burden on the patentee, one that will foreclose patent protection for many small inventors. Congress foresaw exactly this problem and ameliorated it with § 145 by providing applicants a way to initiate a civil action and introduce new evidence after Board proceedings when the issues are much more succinct and consolidated. This is illustrated perfectly here, where the applicant was contending with 2546 rejections on many different bases before the Board. After the Board overturned nearly all of them, only a small number of rejections—based on written description/enablement—were maintained. Hence at the district court the applicant could proffer much more extensive evidence because the universe of issues was greatly narrowed. This is the sensible approach Congress enacted. The statute even places the cost of the proceeding on the party better positioned to know the value of the application—the applicant. The majority's new exclusionary rule based upon its new affirmative duty upsets this balance.

Notes: I expect that Hyatt will ask for reconsideration and will then push for Supreme Court review.

About Dennis Crouch

Law Professor at the University of Missouri School of Law. View all posts by Dennis Crouch →

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April 18, 2012

Court: Judges can consider new patent evidence

WASHINGTON The Supreme Court says federal judges can review unsubmitted patent evidence when inventors challenge their rejection by the Patent and Trademark Office.

Gilbert Hyatt asked for patents relating to a "computerized display system for processing image information" in 1995. They were rejected and he sued in federal court. But Hyatt offered judges evidence of the suitability of his application that he never showed to patent officials. Patent officials asked the U.S. Circuit Court of Appeals for the Federal Circuit to dismiss the case because Hyatt never showed them his evidence.

But Justice Clarence Thomas wrote in the unanimous decision on Wednesday there are "no evidentiary restrictions" beyond the normal ones in these cases. Courts, however, can consider whether inventors could have shown their new evidence to patent officials, he said.

--- Index References ---

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United States: Court Ruling Allows Presentation Of New Evidence In Civil Action

Last Updated: May 6 2012

Article by [Robert Smyth](#)

Morgan Lewis



Supreme Court affirms Federal Circuit ruling allowing submission of additional evidence to obtain a patent pursuant to 35 U.S.C. § 145.

The U.S. Supreme Court recently decided in *Kappos v. Hyatt*, No. 10-1219, (i) that a patent applicant is free to introduce new evidence in a civil action to obtain a patent pursuant to 35 U.S.C. § 145, subject only to the rules applicable in all civil actions, even if the applicant had no justification for failing to present the evidence to the U.S. Patent and Trademark Office (PTO); and (ii) that if new evidence is presented on a disputed question of fact, the district court must make de novo factual findings that take account of both the new evidence and the administrative record before the PTO.

Background

Gilbert Hyatt filed a patent application that included 117 claims related to a computerized display system for processing image information. A PTO examiner denied all claims under 2,546 separate rejections, and Hyatt appealed. The Board of Patent Appeals and Interferences (the Board) reversed most of the rejections but affirmed rejections based on written description and enablement. Hyatt then filed a civil action in district court against the director of the PTO pursuant to 35 U.S.C. § 145.

In the district court, Hyatt submitted a declaration refuting the Board's conclusion that his patent application lacked an adequate written description. The district court, however, found that Hyatt acted negligently by failing to submit his declaration to the PTO earlier, excluded Hyatt's newly submitted evidence, and granted the director's motion for summary judgment. Hyatt appealed to the Federal Circuit, which initially affirmed the decision of the district court. Upon en banc review, however, the Federal Circuit reversed the district court's ruling, by a 7-2 vote on most issues, concluding that patent applicants who sue the director of the PTO in a district court pursuant to 35 U.S.C. § 145 may introduce new evidence that could have been presented to the PTO in the first instance. The en banc Federal Circuit further held that if new evidence is presented on a disputed question of fact, the district court must make de novo factual findings that take account of both the new evidence and the administrative record before the PTO. The PTO filed a petition for certiorari that was granted on June 27, 2011.

Supreme Court Decision

On April 18, 2012, the Supreme Court unanimously affirmed the opinion of the Federal Circuit. The Court found no support in the text of Section 145 for the director's argument that there should be a new evidentiary rule or a heightened standard of review in Section 145 proceedings. The Court reviewed the evidentiary and procedural rules that were in effect when Section 145 was enacted, as well as its own precedent, and concluded that "there are no limitations on a patent applicant's ability to introduce new evidence in a §145 proceeding beyond those already present in the Federal Rules of Evidence and the Federal Rules of Civil Procedure." *Kappos*, slip op. at 14. The Court also adopted the Federal Circuit's view in holding that "if new evidence is presented on a disputed question of fact, the district court must make *de novo* factual findings that take account of both the new evidence and the administrative record before the PTO." *Id.* If no new evidence is introduced, then the Court must review the action on the administrative record and deference must be given to PTO factual findings subject to the PTO's standard of review.

A copy of the opinion can be found at <http://www.supremecourt.gov/opinions/11pdf/10-1219.pdf>.

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United States: En Banc Court Refuses to Limit New Evidence in § 145 Actions Apart from the Federal Rules of Evidence and Civil Procedure

Last Updated: January 6 2011

Article by [Adam J. Sibley](#)

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[Last Month at the Federal Circuit - December 2010](#)

Judges: Rader, Newman (concurring-in-part, dissenting-in-part), Lourie, Bryson, Gajarsa (dissenting), Linn, Dyk (dissenting), Prost, and Moore (author)
[Appealed from D.D.C., Judge Kennedy]

In , No. 07-1066 (Fed. Cir. Nov. 8, 2010) (en banc), the Federal Circuit vacated the district court's grant of SJ relating to claim unpatentability. The Court remanded for further proceedings that allow the patent applicant, Gilbert P. Hyatt ("Hyatt"), to present new evidence in a 35 U.S.C. § 145 action that he could have submitted during the earlier administrative proceedings. In doing so, the en banc Court reversed the stance of its panel and held that § 145 "imposes no limitation on an applicant's right to introduce new evidence before the district court, apart from the evidentiary limitations applicable to all civil actions contained in the Federal Rules of Evidence and Federal Rules of Civil Procedure." Slip op. at 5.

Hyatt is the sole named inventor of U.S. Patent Application No. 08/471,702, which relates to a computerized display system for processing image information. The patent examiner issued a final office action rejecting all claims on various grounds, including failure to comply with the written description requirement. Hyatt appealed to the Board, which affirmed numerous of the examiner's rejections. The Board later dismissed Hyatt's Request for Rehearing. In the proceedings before both the examiner and the Board, Hyatt presented evidence in an effort to satisfy the written description requirement.

Hyatt then filed a civil action in the United States District Court for the District of Columbia against the Director of the Patent Office ("Director") pursuant to 35 U.S.C. § 145. The Director moved for SJ that the pending claims were invalid for failure to comply with the written description requirement. Hyatt opposed the motion and submitted a new written declaration in which he identified portions of the specification that one of skill in the art would understand to describe the limitations challenged by the Director. The district court determined that it could not consider Hyatt's new declaration and granted SJ in favor of the Director. Hyatt appealed.

The Federal Circuit agreed to hear the appeal en banc to determine, among other things: (1) whether there are any limitations on the admissibility of evidence in § 145 proceedings; and (2) what standard of review is applicable in § 145 cases.

The Court first considered the text of § 145, which provides a dissatisfied patent applicant "remedy by civil action" unless appeal has been taken to the Federal Circuit. 35 U.S.C. § 145. According to the Court, this statute provides no indication that a § 145 civil action is somehow different from a customary civil action, nor does it provide any unique rules of evidence. The Court also noted that § 145 makes clear that the civil action is distinct from an appeal, in which the applicant would be limited to the record before the PTO. Rather, the Court reasoned, the statute directs that the district court may "adjudge that such applicant is entitled to receive a patent for his invention . . . as the facts in the case appear." *Id.*

"We hold that 35 U.S.C. § 145 imposes no limitation on an applicant's right to introduce new evidence before the district court, apart from the evidentiary limitations applicable to all civil actions contained in the Federal Rules of Evidence and Federal Rules of Civil Procedure." Slip op. at 5.

Next, the Federal Circuit turned to the lengthy legislative history of the statute. In particular, the Court considered § 4915 of the Revised Statutes, a predecessor to 35 U.S.C. § 145. The Court stated that proponents and opponents of § 4915 alike recognized, and conveyed to Congress, that the remedy by bill in equity allowed an applicant to introduce new evidence in the district court, regardless of whether that evidence had been provided to the PTO in earlier proceedings. Based on the legislative history, the Court reasoned that Congress intended that applicants would be free to introduce new evidence in § 145 proceedings subject only to the rules applicable in all civil actions, the Federal Rules of Evidence, and the Federal Rules of Civil Procedure. Specifically, the Court rejected the argument that Congress intended that only evidence that could not have reasonably been presented to the PTO in the first instance should be admissible in § 145 proceedings.

The Federal Circuit further noted that no Supreme Court case had ever placed any limitations on the admissibility of evidence in a § 145 proceeding apart from the ordinary rules applicable to all civil actions. The Court found no support in Supreme Court precedent for allowing new evidence only if the evidence could not reasonably have been provided to the PTO.

Although the Court held that new evidence is generally admissible in a § 145 case, it also recognized that the proceedings before the PTO remain relevant in a § 145 action. First, the Federal Circuit explained that in adjudicating entitlement to a patent, the district court must consider the record before the PTO, as well as any new evidence admitted by the applicant. Second, although the Court noted that Hyatt did raise the written description issue before the PTO, it stated that "issues (and evidence relating to new issues) that were not raised in the Patent Office proceedings generally may not be raised in a § 145 proceeding." Slip op. at 29. Thus, the Court recast its holding and concluded that "consonant with the language of the statute, legislative history, and Supreme Court precedent, the only limitations on the admissibility of evidence in § 145 proceedings (for issues raised before the Patent Office) are the Federal Rules of Evidence and Civil Procedure." *Id.* at 30.

Even though district courts may be required to admit new evidence in § 145 cases, the Federal Circuit explained that district courts may consider the proceedings before, and findings of, the PTO in deciding what weight to afford an applicant's newly admitted evidence. The Court noted that, should the facts of a particular case cast suspicion on new evidence that an applicant failed to introduce before the PTO, the district court in a § 145 action would be within its discretion to give that evidence less weight.

Next, the Federal Circuit addressed the applicable standard of review in § 145 proceedings. The Court explained that, if the parties to a § 145 action do not introduce any new evidence before the district court, the court reviews the case on the same record presented to the agency and the reviewing court must apply the APA's substantial evidence standard to PTO findings of fact. But when new evidence is introduced, the Federal Circuit instructed that the district court is to act as a fact finder with respect to that new evidence and make de novo factual findings if the evidence conflicts with any related PTO finding. The Court recognized, however, that the district court must still consider the administrative record in making its de novo factual findings.

In a separate opinion concurring-in-part and dissenting-in-part, Judge Newman agreed that new evidence may be provided in a civil action brought under 35 U.S.C. § 145. Judge Newman, however, stated that issues in a § 145 proceeding should receive a de novo determination, whether or not new evidence is adduced in the district court. It is contrary to statute, Judge Newman noted, when the same deferential review is applied to both civil actions under § 145 and APA direct appeals to the Federal Circuit. "The statutory plan is designed to differ from such a duplicative procedure, not to create it." Newman op. at 2. Judge Newman further explained that "[t]he purpose of the section 145 proceeding is to achieve fresh judicial determination of patentability issues that had been decided by the Patent Office, and to conduct this determination de novo on the evidence before the court, whether or not the same evidence or all of it was before the examiner." *Id.* at 2-3.

In a separate dissenting opinion, which Judge Gajarsa joined, Judge Dyk stated that district court proceedings in § 145 actions should follow the established administrative law standard embodied in § 706 of the APA. Judge Dyk explained that the APA requires judicial review on the agency record and submission of all relevant evidence to the agency. While Judge Dyk agreed that § 145 contemplates the introduction of new evidence, he noted that this should only be allowed when agency procedures are inadequate. With regard to the PTO, Judge Dyk found that the agency procedures are inadequate only insofar as they do not provide for live testimony when it is deemed necessary. Judge Dyk noted that allowing a trial de novo in the district court denigrates the important expertise of the PTO. In addition, Judge Dyk wrote that the majority opinion invites applicants to deliberately withhold evidence from the PTO in favor of a more hospitable district court forum. Judge Dyk also warned that the majority's decision "reflects yet another misguided effort to craft special rules for patent cases that the Supreme Court in other cases has held to be impermissible." Dyk op. at 3.

The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.

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Federal Circuit Gives PTO “OK” to Treat Hyatt as a Special Case

🕒 August 20, 2015 💡 Trade Secrets, USPTO Director, Venue 👤 Dennis Crouch
Gilbert Hyatt v. Michelle Lee (Fed. Cir. 2015)

Hyatt is a highly successful patentee with more than 75 issued patents and hundreds of millions of dollars in licensing revenue. He also has over 400 patent applications pending before the USPTO that were all filed more than 20-years ago. Hyatt’s applications represent 80% of the applications still-pending that were originally filed prior to the June 1995 patent term transition. Because these old patent applications were filed under the old regime, if they ever issue they will be given a 17-year patent term extending from the issue date (barring a terminal disclaimer or prosecution laches finding). Many of these applications claim priority to much earlier filed applications – some claiming priority back in to the 1970s and most having a complex set of continuation and continuation-in-part applications.

According to the USPTO, these 400 pending applications have – on average – 300 claims each – resulting in about 120,000 pending claims – roughly the equivalent of 6,000 ordinary-sized applications.

I expect that many of Hyatt’s patent claims would cover chip and display technology that is now ubiquitous. If valid and enforceable then we’re talking billions of dollars in licensing fees. If the USPTO has anything to do about it, that result is not coming anytime soon.

Over the years, the USPTO has developed a number of special procedures for Hyatt applications. In 2013, the USPTO began issuing requirements that Hyatt limit each patent family to <600 claims absent a showing of necessity and also identify the earliest priority date for each chosen claim (along with links to the supporting disclosure).

The USPTO also indicated that it would publicize the family linkage of Hyatt’s (otherwise secret) applications. In particular, the disclosure would occur by placing the requirements in the file histories of all of Hyatt’s pending applications, some of which are public. Apparently, this requirements document includes a number of examples of how Hyatt applications overlap claim scope – relying upon specific claim texts of Hyatt’s otherwise secret applications.

In response, Hyatt filed a complaint in the E.D. Virginia asking the district court to enjoin the USPTO from disclosing information in violation of 35 U.S.C. 122(a) (“applications for patents shall be kept in confidence by the Patent and Trademark Office and no information concerning the same given without authority of the applicant or owner unless necessary to carry out the provisions of an Act of Congress or in such special circumstances as may be determined by the Director”). However, the district court dismissed the case for lack of jurisdiction and – in the alternative – held that the extraordinary nature of Hyatt’s situation created “special circumstances” that allowed for the publication.

Although the statute provides the PTO with seeming authority to determining when to disclose the confidential information (“special circumstances as determined by the director”), the Federal Circuit on appeal here found that the PTO’s power is both “narrow and reviewable.” In particular the appellate panel found that the PTO must “determine that special circumstances exist” and those special circumstances must be sufficient and particular enough to “justify the specific content to be disclosed.” However, because of the seeming discretionary nature of the statute, the Federal Circuit determined that it should review the PTO’s determination of these factors with deference and only overturn the PTO’s decision upon finding of an abuse of discretion.

In determining that the PTO had then acted within these requirements, the panel first held that the requirements were proper – given Hyatt’s unique and special status among patent applicants. The court also found that the disclosure of confidential claim scope proper.

In light of the nature of Mr. Hyatt's applications, longstanding PTO rules justify the issuance of the Requirements. 37 C.F.R. § 1.75(b) provides that, in a patent application, “[m]ore than one claim may be presented provided they differ substantially from each other and are not unduly multiplied” The PTO issued the Requirements to ensure that Mr. Hyatt's applications complied with § 1.75(b). Given the extraordinary number and duplicative nature of Mr. Hyatt's various pending applications, all drawn from the same 12 specifications, it was reasonable for the PTO to be concerned that the claims did not “differ substantially from each other,” and that some claims were “unduly multiplied.” § 1.75(b). In fact, in the Requirements the PTO demonstrates that across these applications, Mr. Hyatt has in numerous cases filed identical or nearly identical claims. This sort of redundant, repetitive claiming is inconsistent with § 1.75(b).

These special circumstances, which justify issuing the Requirements, also justify the disclosure of the confidential information contained in them. .

We hold that the Director did not abuse her discretion when she found that the “special circumstances” exception justified the otherwise-prohibited disclosure of the Requirements

It is fairly amazing to look at the effort going-in on both sides in Hyatt’s patent applications. One that is public and available in PAIR Application No. 05/849,812 that claims priority back to 1970 through a series of 20 continuations-in-part.

About Dennis Crouch

Law Professor at the University of Missouri School of Law. View all posts by Dennis

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Gilbert Hyatt: BPAI Erred in Aggressive Grouping of Claims

🕒 December 28, 2008 📖 Written Description 👤 Dennis Crouch

Hyatt v. Dudas (Fed. Cir. 2008)

Gilbert Hyatt has been famous for his early microprocessor patents. This appeal “concerns the patentability of approximately 2,400 claims in twelve related patent applications ... that claim priority ... to the early 1980s or before.” Since being filed, all twelve applications have also been “amended to add hundreds of claims that were not included in the original applications.”

The PTO examiner rejected all the claims in all twelve applications – most commonly for lacking proper written description. On appeal, the BPAI refused to independently review each of Hyatt’s claims, and instead only considered the twenty-one claims that he had discussed in the “Summary of the Invention” section of the BPAI briefs. Appealing that decision, Hyatt convinced the DC district court that the BPAI had improperly selected the representative claims. The PTO now appeals that district court decision.

On appeal, the Federal Circuit affirmed – finding that the BPAI cannot create a representative claim by simply grouping all claims rejected for lacking written description under the same “ground of rejection” “unless the claims share a common limitation that lacks written description support.” 37 CFR 1.192(c)(7).

“[T]he applicant can waive appeal of a ground of rejection, and can waive the right to demand additional subgrouping of claims within a given appealed ground. But the applicant cannot waive the Board’s obligation to select and consider at least one representative claim for each properly defined ground of rejection appealed.”

Affirmed. On remand, the BPAI must consider “all grounds of rejection challenged by Hyatt. . . However, the Board is free on remand to apply the rule of waiver to any grounds of rejection not contested by Hyatt in his initial appeals to the Board, provided that such grounds do not become relevant on remand due to realignment of the representative claims or other aspects not previously at issue.”

Notes:

- 2400 claiming priority thirty years back...

About Dennis Crouch

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United States: Hyatt v. Kappos: Patent Applicant Rights Preserved

Last Updated: May 8 2012

Article by [Ernest V. Linek](#)

Banner & Witcoff



On April 18, 2012, the Supreme Court upheld the right of patent applicants to seek full district court review of Patent Office rejections pursuant to 35 U.S.C. § 145, before taking an appeal to the Federal Circuit.

The rights of patent applicants in a civil action filed against the Director of the PTO include the submission of new evidence and that evidence will be reviewed by the district court in making its determination as to whether a patent should be granted or not. Such evidence will then be part of the record should an appeal at the Federal Circuit be necessary.

Background

Mr. Gilbert Hyatt filed a patent application that included 117 claims directed to different aspects of his invention of a "computerized display system for processing image information." Mr. Hyatt filed the subject patent application in 1995, claiming priority back to an application filed in 1975. During prosecution of the patent application, the patent examiner denied all of the pending claims under Section 112 of the Patent Act, rejecting the priority of each claim to the 1975 application for lack of an "adequate written description."

Patent Appeal & Court Cases

Mr. Hyatt filed an appeal with the Board of Patent Appeals and Interferences (BPAI) and the BPAI approved some of the claims but denied others. In addition, the Board tried to force Mr. Hyatt to present other evidence, but he declined to do so. Following the Board decision, Mr. Hyatt had two choices under the Patent Act, (1) a direct appeal to the Court of Appeals for the Federal Circuit; or (2) the filing of a civil action in the District Court for the District of Columbia, under 35 U.S.C. § 145 in which additional evidence could be presented to the court, and a de novo review of the evidence would be made to determine if Mr. Hyatt was entitled to the rejected claims in his patent application.

Pursuant to Section 145, Mr. Hyatt filed a civil action, naming as the defendant the Director of the USPTO, Mr. David Kappos. During this civil action, the district court declined to consider Mr. Hyatt's newly proffered evidence regarding the adequacy of his written description, and accordingly limited its de novo review to the administrative record in the USPTO. The court then granted summary judgment to the Director.

Mr. Hyatt then filed an appeal in the Federal Circuit. That court ultimately vacated the judgment of the lower court (en banc), holding that patent applicants can introduce new evidence in Section 145 proceedings, subject only to the limitations in the Federal Rules of Evidence and the Federal Rules of Civil Procedure. It also reaffirmed its precedent that when new, conflicting evidence is introduced, the district court must make de novo findings to take such evidence into account.

Supreme Court Review

The PTO sought review by the Supreme Court and certiorari was granted. The Director challenged both aspects of the Federal Circuit's decision as follows:

- (1) The Director argued that a district court should admit new evidence in a §145 action only if the proponent of the evidence had no reasonable opportunity to present it to the PTO in the first instance; and
- (2) The Director contended that, when new evidence is introduced, the district court should overturn the PTO's factual findings only if the new evidence clearly establishes that the agency erred.

Both of these arguments were based on the PTO's position that Section 145 cases are a "special proceeding" - distinct from a typical civil suit filed in federal district court and, as such, these cases should be governed by a different set of procedural rules.

In addition, the Director warned the court that allowing the District Court to consider all admissible evidence and to make de novo findings would encourage patent applicants to withhold evidence from the PTO, intentionally with the goal of presenting that evidence for the first time to a non-expert judge.

Supreme Court Decision

On April 18, 2012, in a unanimous decision, the Supreme Court rejected the PTO's special interpretation of Section 145, and held that:

- (1) there are no limitations on a patent applicant's ability to introduce new evidence in a Section 145 proceeding beyond those already present in the Federal Rules of Evidence and the Federal Rules of Civil Procedure; and
- (2) if new evidence is presented on a disputed question of fact, the district court must make de novo factual findings that take account of both the new evidence and the administrative record before the PTO.

As stated by the Court, Section 145, by its express terms, neither imposes unique evidentiary limits in district court proceedings nor establishes a heightened standard of review for PTO factual findings.

While the Court rejected the Director's proposal for a stricter evidentiary rule and an elevated standard of review in Section 145 proceedings, the Court did agree with the Federal Circuit that the district court may, in its discretion, "consider the proceedings before and findings of the Patent Office in deciding what weight to afford an applicant's newly admitted evidence." The Court recognized that while the PTO has special expertise in evaluating patent applications, a district court cannot meaningfully defer to the PTO's factual findings where the PTO considered a different set of facts.

As for the warning about withholding evidence during patent prosecution, the Court found that scenario to be "unlikely." The Court stated that a patent applicant who pursues such a strategy would be "intentionally undermining his claims" on the speculative chance that he will gain some advantage in a Section 145 proceeding by presenting new evidence to the district court judge.

The Court further stated that the Federal Circuit was correct to vacate the judgment of the district court, which had excluded newly presented evidence under the view that it "need not consider evidence negligently submitted after the end of administrative proceedings."

Accordingly, the judgment of the Federal Circuit was affirmed, and the case was remanded to that court for further proceedings consistent with the opinion.

The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.

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Hyatt v. USPTO: Mandamus Action Requesting an Impartial Administrative Review

🕒 May 22, 2018 👤 Dennis Crouch

Gilbert P. Hyatt v. USPTO and Iancu (E.D. Va. 2018) ([Hyatt – Mandamus Action Complaint](#))

Hyatt has filed a new mandamus action against the USPTO as the next step in the 40+ year battle over his microcomputer patent applications. Hyatt has over 300 patents applications pending before the USPTO.

According to the complaint, “Most of Mr. Hyatt’s applications have been pending for over 20 years, with about a dozen pending for over 35 years and three applications pending for over 40 years.” The complaint details:

[In the 1990’s then Commissioner Bruce] Lehman and other PTO officials falsely branded Mr. Hyatt a ‘submariner’ and unlawfully decided that the PTO would never issue him another patent. . . . Having made that decision, the PTO proceeded to carry it out. It acted almost immediately to withdraw from issuance four patents either issued or in the final stages of being issued to Mr. Hyatt—actions in which the PTO has acknowledged the unusual participation of Commissioner Lehman and other senior PTO officials. It applied unlawful secret procedures (since acknowledged by the PTO) to block the issuance of applications that examiners found patentable. Internal PTO documents reveal that these unlawful procedures prevented issuance of at least several patents to Mr. Hyatt. It put more than 80 of Mr. Hyatt’s pending administrative appeals on ice for up to a decade before terminating them by reopening prosecution and restarting the examination process from scratch. It secretly used what PTO officials called “Shadow Art Units,” “Phantom Art Units,” and “parking lots” to stow Mr. Hyatt’s applications and take them off the books. And it delayed actions across the board, with a degree of creativity that bespeaks the PTO’s enmity for Mr. Hyatt: issuing suspensions amounting to over a millennium of aggregate delay; secretly assigning his applications to management personnel who do not examine applications; dismissing his petitions imploring the agency to act on the false basis that his applications were already being expedited; leaving approximately 100 of Mr. Hyatt’s applications for a single examiner to process in his personal time, without pay; and manipulating its reporting systems to hide its failure to act on Mr. Hyatt’s applications. All the while, PTO officials spread the word high

and low throughout the agency that Mr. Hyatt was a “submariner” and that he would never get another patent, poisoning the well against him.

More recently, the PTO created the “Hyatt Unit . . . “for the purpose of miring all of Mr. Hyatt’s applications in administrative purgatory until Mr. Hyatt gives up or dies.”

The Hyatt Unit began its work by restarting prosecution from scratch, throwing out years of work and enormous effort by Mr. Hyatt in the process. It blanketed Mr. Hyatt in what its leader described as a “boatload” of hundreds of burdensome Office Actions in just a few months, forcing him to scramble to make any response. And now it is in the process of systematically abandoning and rejecting his applications, piling on numerous, overlapping rejections on every patent claim and entering frivolous “objections” that take years to correct due to the PTO’s refusal to decide his administrative petitions for relief on a timely basis or at all. . . The Hyatt Unit has never allowed a single one of Mr. Hyatt’s claims in its more than-5 years of existence.

Finally, in an attempt to eliminate all of Hyatt’s claims, the PTO asserted prosecution laches against all of Hyatt’s applications. That approach has seemingly now failed with a 2017 district court decision rejecting the PTO’s prosecution laches case.

In this action, Hyatt is looking for several forms of relief — perhaps most pointedly is a mandamus action from the court ordering the PTO “expeditiously to conduct a fair, impartial, and timely examination of his applications in accordance with law, to allow patentable subject matter, to issue patents claiming such patentable such subject matter upon payment of the issue fee, to provide timely action on Mr. Hyatt’s petitions, and to permit Mr. Hyatt to obtain timely final agency action on rejections from the Appeal Board.”

In addition, Hyatt is requesting compensation for post-GATT patent applications whose potential term have expired due to PTO delay and issuance of those patents.

== == == ==

The complaint is an interesting read, but was filed partially under seal (based upon a protective order from a prior case), including the following paragraph:

51. [REDACTED] a PTO software utility called the “Submarine Tracker” [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

===

A separate proceeding is ongoing in DC Federal Court *Hyatt v. Iancu*, Nos. 05-2310, 09-1864, 09-1869, 09-1872 (D.D.C.). In a recent briefing, the PTO explained its contention regarding the bulk of Hyatt's patents:

Mr. Hyatt filed a patent application in 1984 that describes, in over 650 pages of text and figures, a system for manipulating images on a screen by rotating, sliding, and zooming. His explanation includes something that he called a "window" that is in the computer's memory and is not visible to the user. Mr. Hyatt amended his claims a number of times and, fifteen years later, in 1999, filed the claims that are now at issue. By 1999, the term "window" had taken on a much different and more valuable meaning in computing and to the general public. Mr. Hyatt's claims now recite a type of window that is visible on the user's screen, can be overlapped to run multiple applications at once, includes interactive features such as menus and icons, and allows the user to interact directly with the display monitor by, for example, clicking on a pull-down menu or choosing a menu option. Those claimed inventions are not described in Mr. Hyatt's original specification, and that lack of written description means the claims have correctly been rejected by the USPTO and should also be rejected by this Court.

USPTO Proposed Findings of Fact and Conclusions of Law [[04e9202c-6214-442a-998d-3b74156ca79b](#)]

== ==

Example claim (1984 priority date):

Claim 131. A process comprising the acts of:

generating background image information;

generating a first window of three dimensional perspective image information;

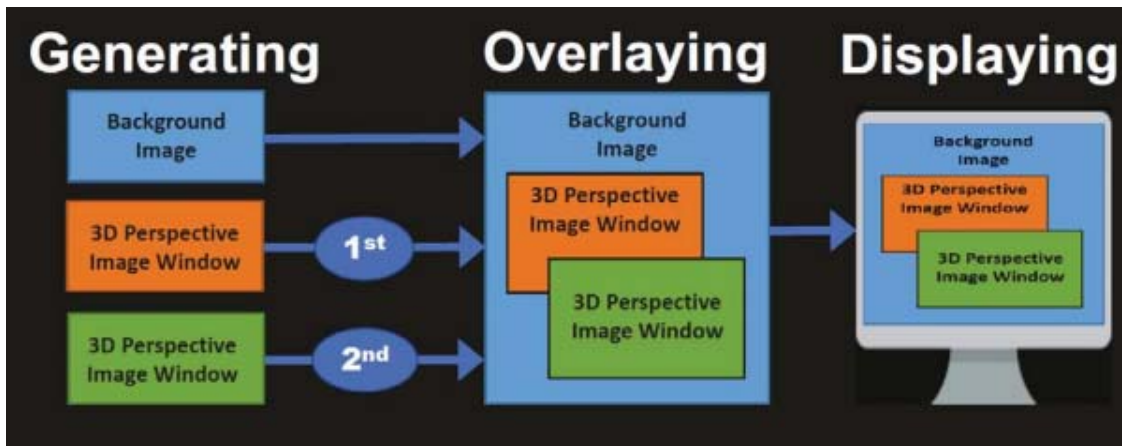
overlaying the first window of three dimensional perspective image information onto the background image information;

generating a second window of three dimensional perspective image information;

overlaying the second window of three dimensional perspective image information onto the background image information overlapping with

the first window of three dimensional perspective image information;
and

displaying a background image overlaid by a first window of three dimensional perspective images and overlaid by an overlapping second window of three dimensional perspective images in response to the background image information overlaid with the first window of three dimensional perspective image information and in response to the background image information overlaid with the overlapping second window of three dimensional perspective image information.



About Dennis Crouch

Law Professor at the University of Missouri School of Law. View all posts by Dennis Crouch →

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Hyatt v. USPTO: Three generations of poor examination are enough.

🕒 January 16, 2014 👤 Dennis Crouch

By Dennis Crouch

Gilbert Hyatt v. USPTO (D. Nevada 2014) ([Download Hyatt v USPTO Complaint](#))

Inventor Gilbert Hyatt recently filed a lawsuit against the USPTO in his home state of Nevada asking that the USPTO be ordered to go ahead and examine his applications already. The complaint focuses primarily on two applications that have been pending "since the early 1970s – over 40 years." Hyatt's patents cover early microchip technology and have proven extremely valuable because of the ongoing explosion in that marketplace. Because these applications were filed prior June of 1995, they will have a patent term of 17 years from the issue date (assuming they eventually issue and their term not disclaimed). Hyatt keeps his pending applications secret and so we do not know which applications are at stake here, or the actual content of the file histories.

In the lawsuit, Hyatt alleges that these two applications have been pending before the USPTO Board of Appeals for a very long time (one more than twenty years):

In these two appealed patent applications – referred to herein as patent application Docket Nos. 104 and 112 – the PTO's patent examiners issued rejections of Mr. Hyatt's patent applications, which Mr. Hyatt timely appealed to the PTO's Board of Patent Appeals and Interferences, now known as the Patent Trial and Appeal Board ("Appeal Board"). In both cases, the PTO failed to file any response. Rather than decide the appeals, the PTO has left them undecided for more than 20 years (in the case of patent application Docket No. 104) and for more than five years (in the case of patent application Docket No. 112). Each of these two patent applications has been pending before the PTO for more than forty years. . . .

Mr. Hyatt filed his patent applications and has prosecuted them in good faith and in accordance with PTO rules. Whether out of animus toward Mr. Hyatt or for other reasons, the PTO has demonstrated its determination not to allow Mr. Hyatt to obtain patents for his inventions. This Court's intervention is required to ensure that the PTO complies with the law.

Hyatt then asks the court to place strict deadlines on the PTO to decide his cases.

Hyatt makes the almost believable allegation that: "Several years ago, the PTO apparently determined that it would refuse to grant Mr. Hyatt any further patents, irrespective of the merits of his patent applications."

The complaint also highlights several other Hyatt applications where the PTO has "suspended examination" for very long periods of time:

At some point, rather than subject its decisions to review, the PTO apparently embraced a strategy of denying Mr. Hyatt any reviewable adjudication of his patent applications. Mr. Hyatt consequently has a large number of patent applications that have languished for years in various states of procedural limbo without an action on the merits or a decision on appeal.

In many cases, the PTO has simply ceased examination of Mr. Hyatt's patent applications on the merits. In many other cases, the PTO has refused to allow Mr. Hyatt's patent appeals to go to the Appeal Board for decisions.

For example, in seven cases that Mr. Hyatt filed in 1995, the patent examiners issued first office actions in 1995 or 1996, and Mr. Hyatt responded, yet the PTO has not issued an action on the merits in more than 17 years. Instead, the PTO repeatedly suspended action on these patent applications. Mr. Hyatt filed numerous "Petition[s] For An Action On The Merits" in these patent applications, but the PTO summarily dismissed those petitions.

For another set of applications, Hyatt walks through the PTO churning that involves repeated withdrawal of final rejections following appeal-brief filings by Hyatt.

= = = = =

For the past 40+ years, the PTO has seen Hyatt as something of a pesky thorn in its side. The "problem" is that Hyatt takes full advantage of the law, hires excellent lawyers, and does not give-up. It turns out that it is the PTO's job to deal with Hyatt and to issue him the patents that he deserves.

About Dennis Crouch

Hyatt v. USPTO: Three generations of poor examination are enough | Patentlyo - 6
Law Professor at the University of Missouri School of Law. View all posts by Dennis

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Hyatt's Family Tree

🕒 February 26, 2015 👤 Dennis Crouch

by *Dennis Crouch*

In the **ongoing saga between the USPTO and Hyatt**, the USPTO recently submitted an interesting family tree of related applications filed by Gilbert Hyatt. Nice redaction.

It is unclear to me why the entire block is redacted since some of the Hyatt patents have issued and therefore are public as is the application of any unpublished application whose filing-date benefit is claimed by one of issued patents.

Related applications filed by Gilbert Hyatt

Based on data from PALM, issued patents, litigation history and Image File Wrapper as of January 2015



About Dennis Crouch

Law Professor at the University of Missouri School of Law. [View all posts by Dennis Crouch](#) →

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December 11, 2014

Inventor duels with patent office over decades-old applications

Andrew Chung

(Reuters) - The federal government is asking a U.S. district court judge to throw out a lawsuit by a Nevada inventor who says the U.S. Patent and Trademark Office has allowed his applications to languish for decades.

Gilbert Hyatt sued the PTO earlier this year claiming that 80 of his applications - most filed prior to June 1995 - had been pulled from the relatively advanced appeals stage back down to an initial review stage.

The engineer, who already has 70 patents to his name, many of which deal with computer chips and circuits, is suing under a federal law giving courts the authority to compel government agency action that is unreasonably delayed.

He has launched a similar case in Las Vegas over two patents that have been pending since the early 1970s.

The agency has been trying to streamline its patent approval process, which currently stands at about 28 months.

On Friday, the patent office will try to convince U.S. District Judge T.S. Ellis in Arlington, Virginia, to dismiss Hyatt's suit. It will argue that despite Hyatt's allegations, the case is not delayed - it is just complicated.

The patent office said the court does not have jurisdiction to hear the case because the office is working hard on Hyatt's applications, according to court filings. Fourteen patent examiners have been assigned to his file, the documents said.

The patent office further claims that the 80 applications cited in Hyatt's complaint are part of 399 interrelated filings the engineer currently has pending at the agency.

The "size, volume, and interconnectedness of these 399 applications have created extraordinary challenges for the USPTO," the agency said in its court papers.

The USPTO and U.S. attorney's office in Alexandria declined to comment further on the case. Lawyers for Hyatt did not respond to requests for comment.

The case is Gilbert Hyatt v. U.S. Patent and Trademark Office and Michelle K. Lee in her Official Capacity, No. 14-cv-1300, in the U.S. District Court for the Eastern District of Virginia.

For Hyatt: Aaron Panner and Kenneth Fetterman of Kellogg Huber Hansen Todd Evans & Figel

For the PTO: Assistant U.S. Attorney Lauren Wetzler

--- Index References ---

News Subject: (Trademarks (1TR15); Patents (1PA79); Intellectual Property (1IN75); Judicial Cases & Rulings (1JU36); Legal (1LE33); Civil Rights Law (1CI34))

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technology

Inventor Waits 43 Years for Another Chance to Shock Tech

Susan Decker and Ian King

February 24, 2014, 12:00 AM EST

Forty-three years is too long even for Gilbert P. Hyatt, the dogged inventor who once shocked the computer industry and got rich.

Hyatt said he's been waiting that long for a U.S. ruling on whether his electronic signal to control machinery should be granted a patent. The patent-approval process takes 28.3 months on average. His idea for liquid crystal displays? That's been sitting in the Patent and Trademark Office for 35 years.

The Las Vegas-based inventor, who turns 76 in March, filed a lawsuit in January demanding action on what may be the oldest pending U.S. patent applications. Hyatt attributes some of the delay to retribution for sometimes making the agency look bad during years of disputes.

"It's totally unconscionable," said Brad Wright, a patent lawyer with Banner & Witcoff in Washington who specializes in computer-related applications and isn't involved in Hyatt's case. "The patent office doesn't want to be embarrassed that they might issue a broad patent that would have a sweeping impact on the technology sector. Rather than be embarrassed, they're just bottling it up."

No one is able to put a price tag on what licensing those two patents would cost technology companies. Even Hyatt said he's not sure whether he would replicate the shock of getting a patent in 1990 on a "single chip integrated circuit computer architecture," a ruling that effectively gave him a financial claim to most microprocessors, the digital backbone of every personal computer in the world.

Industry Firestorm

What is certain is that Hyatt isn't some gadfly in a garden shed. He's probably made more than \$150 million from a deal with Royal Philips NV, the Dutch electronics maker, to license 23 of his [patents](http://tinyurl.com/m8lxfrm) [<http://tinyurl.com/m8lxfrm>](http://tinyurl.com/m8lxfrm), including the 1990 one. Intel Corp. co-founder Robert Noyce invested in Hyatt's first company in the 1960s, according to Hyatt.

"These were fundamental technologies and even though the industry has grown tremendously, they are based on those fundamental technologies," Hyatt, who still works in his private lab each day, said in a telephone interview. "I suspect that my ideas are still novel, even to this day."

The patent office, which issued 302,948 patents last year and receives more than 500,000 new requests annually, won't say what's in Hyatt's two pending applications.

Because the filings are so old, they fall under a law that keeps them confidential, said Patrick Ross, a PTO spokesman. That means the office can't discuss them or even say how many pending patent applications predate a 1995 change in the law, Ross said.

All Hyatt would say is that he is fighting to get acknowledgment for his work on what he calls "square wave machine control."

Texas Instruments

It took Hyatt 20 years to get his 1990 microprocessor patent. He filed the application around the same period as the two still pending.

Reaction at the time was swift. Texas Instruments, the world's largest analog-chip maker, argued to the patent office that Hyatt was claiming credit for one of the company's inventions. After five years, the agency [canceled](#) part of the patent while allowing other aspects of it to remain.

Still, the patent became part of Hyatt's licensing deal with Philips, which has generated more than \$350 million. Philips deducted its costs and then split the proceeds 50-50, meaning Hyatt probably got more than \$150 million.

\$388 Million

Hyatt, who speaks softly in conversations, doesn't hesitate to fight. When California, where he once lived, claimed he owed \$51 million in back taxes and penalties, he shot back with a lawsuit accusing state officials of harassing him and invasion of privacy. He won a record \$388 million award that's currently being reviewed by Nevada's Supreme Court.

He has taken the patent office to court more than 10 times to force the agency to reconsider rejections of some of his applications. He even won a case at the Supreme Court in 2012 over what type of evidence can be presented in district court.

"I got a whole bunch of cases referred back to the patent office telling them to do it right," said Hyatt. "I don't think they want to let it get to the board of appeals and therefore they keep running me around from examination to appeal, reopening prosecutions, examining, forcing me to appeal again and round and round."

In the January lawsuit, Hyatt alleges he was told by a PTO unit director that the agency's unofficial policy in dealing with him is to give him the runaround to avoid making a decision he could appeal. He said that may be why the patent office hasn't granted him a patent since 1997.

Ross, the PTO spokesman, wouldn't comment on the lawsuit, which was filed Jan. 3 in a U.S. district court in Las Vegas.

Intel Connection

Hyatt, the son of a Russian emigrant and civil engineer, spent the early part of his career working for aerospace companies. He said he got his ideas for a business while at Teledyne Technologies Inc. in the 1960s.

He set up Micro Computer Inc. in 1968 to implement his ideas, with Noyce, who would co-found Intel that same year, as one of his investors.

"Dr. Noyce invested in my company personally because, from his standpoint, he thought it had merit," Hyatt said. "I was happy to get him because I thought Intel would build the chips."

Noyce, who died in 1990, often invested in Silicon Valley startups, said [Thomas Misa](http://www.cbi.umn.edu/about/misa.html) [<http://www.cbi.umn.edu/about/misa.html>](http://www.cbi.umn.edu/about/misa.html), director of the Charles Babbage Institute Center for the History of Information Technology in Minneapolis, who likened it to someone backing a neighbor's ideas. Investing with Hyatt would have been consistent with his interests, he said.

"Bob Noyce was investor in everything," Misa said. "When he died, his family found a shoe box of promissory notes. He was very keen on building the electronics industry."

‘Frugal Inventor’

Leslie Berlin, Noyce’s biographer, and technology historian Ross Bassett, a professor at North Carolina State University in the city of Raleigh, said they couldn’t find records showing Noyce invested with Hyatt, while agreeing with Misa’s comments.

Hyatt, who describes himself as “at heart a frugal inventor,” said it’s clear he will never be placed in Silicon Valley’s pantheon of founding fathers, even with his 1990 patent. He just wants a decision -- either give him a patent, he said, or a final rejection that he can appeal to a U.S. court.

While some of Hyatt’s patents predate or are contemporary with those granted to executives at Intel and Texas Instruments Inc., those companies made products that changed the world, Bassett said.

“I respect Gilbert Hyatt’s work -- the process of engineering is difficult,” Bassett said in a telephone interview. “But innovations are more than ideas. The broader context matters. If Gilbert Hyatt had never existed, I believe the microprocessor would have developed in the same way that it did.”

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EDITION



THE BLOG 02/18/2014 04:10 pm ET | Updated Apr 20, 2014

It's Time for Congress to Stop the War on Inventors



By Pat Choate

Washington has always loved a good war. Ronald Reagan revived the nation's War on Drugs, George W. Bush declared a War on Terror, and, more recently, some of the conservatives in Congress have even accused liberals of waging a War on Christmas. But there is one war that has failed to grab the headlines it deserves.

I'm speaking of the ongoing War on Inventors.

Our founding fathers understood that American innovation would lead to American jobs, so they created the U.S. Patent System to nurture and protect small inventors. Their strategy paid off, and our nation's economy grew into an international juggernaut because of independent innovators like Alexander Graham Bell, Thomas Edison, Eli Whitney, and the Wright Brothers.

Their modern-day counterparts are in danger. For the last few years, a small handful of global high-tech corporations and their allies on Capitol Hill have been doing everything they can to put small inventors out of business. Ironically, many of these companies—Google, Apple, Microsoft, and others—were themselves started in inventors' garages, but now they live in constant fear that their business models will be disrupted by unpredictable technologies developed by little guys.

Since the late 1990s, these high-tech multinationals have been stripping garage inventors of their rights under the guise of "patent reform," doling out tens of millions of dollars to K Street lobbyists and pushing Congress to chip away at the system carefully laid out by Thomas Jefferson and his brethren. Their latest attempt to undercut innovation, the harmless-sounding "Patent Transparency and Improvements Act of 2013," will be debated by the Senate later this year. If passed, this bill would make it all but impossible for small, cash-strapped patent holders to file perfectly legitimate claims against large companies that rip off their intellectual property, tilting the legal system in favor of corporate infringers. These new "Loser Pay" laws would encourage technological copycatting and greatly reduce the incentives that keep independent inventors tinkering in their garages.



It's Time for Congress to Stop the War on Inventors



The anti-innovation crowd is even proposing that the director of the patent office create a national database of the small inventors who are forced to defend their inventions in court most often—not to help them, mind you, but to monitor them and help big businesses beat them in the courtroom.

If this isn't an example of big government picking winners and losers in the marketplace, then I don't know what is.

Congress should instead focus on making the patent office more accessible to small inventors, who often run into bureaucratic problems that are difficult to solve without a large corporation's resources. The independent inventor Gilbert Hyatt is a prime example. Hyatt is one of the fathers of the microcomputer, and he recently had to take the patent office to court because the agency has apparently refused to decide appeals on patent applications that have been pending, unbelievably, for more than 40 years. Hyatt is now asking a federal court to order the patent office to stop delaying and issue decisions on the appeals.

Hyatt is not the only small inventor to have suffered problems like these.

Rather than enact legislation that encourages the patent office to discriminate against small inventors like Hyatt, Congress should consider creating some much-needed protections for them.

As it stands now, the patent office allows inventors over the age of 65 to petition the agency for an accelerated examination of their patent applications. The older an inventor is, the less likely he or she is able to wait years for an answer from the agency, and this measure encourages innovators to keep working on technologies that could one day provide thousands of other Americans with jobs. Why not do the same for small-scale applicants, such as companies with fewer than 10 employees, or organizations with few or no issued patents? Congress might also consider waiving the fees applicants like these pay in order to file application continuances, which are new claims that build upon existing patent applications. Small businesses are the backbone of the American economy, and steps like these would help grow particularly inventive companies into engines of prosperity.

Whatever course it chooses to take, Congress should stop those that want to undercut American innovation, particularly in the midst of a fragile economic recovery. Small inventors made this country what it is today, and I shudder to think what its future would be like without them.

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Economist, author and public policy commentator

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It's Time for Congress to Stop the War on Inventors



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It's Time for Congress to Stop the War on Inventors





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United States: Judges May Consider New Patent Evidence In Challenges To USPTO Rejections

Last Updated: May 17 2012

Article by [Kelly Hollowell](#)

Waller Lansden Dortch & Davis



Under Section 134 of the Patent Act of 1952, if a patent application is denied by the USPTO, the applicant may file an administrative appeal with the PTO's Board of Patent Appeals and Interferences, with appeal to the Court of Appeals for the Federal Circuit under Section 141. Another option is the applicant may file a civil action against the PTO Director under Section 145.

In the case of *Kappos, Under Secretary of Commerce for Intellectual Property and Director, Patent and Trademark Office v. Hyatt*, the U.S. Supreme Court addressed whether an inventor could be allowed enter evidence he had not provided previously to the PTO in challenging a USPTO rejection.

Pursuant to Section 145, Gilbert Hyatt had filed a civil action against the USPTO Director and asked for the District Court to consider newly proffered evidence in support of his patent application. The District Court declined to consider the newly proffered evidence and granted summary judgment to the Director. On appeal, the Federal Circuit vacated the judgment, holding that patent applicants can introduce new evidence in Section 145 proceedings, subject only to the limitations of the Federal Rules of Evidence and the Federal Rules of Civil Procedure.

The Supreme Court affirmed, stating that federal judges can review previously unsubmitted patent evidence when inventors challenge a patent rejection by USPTO. Specifically, Justice Clarence Thomas wrote in the unanimous decision there are "no evidentiary restrictions" to be placed on patent application challenges beyond the normal restrictions applicable to federal cases.

The full opinion is available [here](#).

The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.

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Jump the Shark Patent Style: Supremes Take Kappos v. Hyatt



By **Gene Quinn**
June 30, 2011

[Print Ar](#)



The phrase “**jump the shark**” comes from one particular scene in the television series “*Happy Days*.” In the premiere episode for season 5, which aired on September 20, 1977, Arthur Fonzarelli (aka “The Fonz” or “Fonzie”) was challenged to jump a shark. The water-skiing Fonz successfully jumped the shark and simultaneously spawned a new pop-culture phrase referring to the

moment that a television show had run out of ideas. A television show would “jump the shark” when the peak had been reached and it was believed that everything was downhill from there. While that was not really a fair characterization of *Happy Days* given that it enjoyed many more years of popularity, over the years the phrase has broadly become synonymous with the moment when an undeniable decline has commenced.

By **accepting cert. in *Kappos v. Hyatt*** the United States Supreme Court has clearly and undeniably jumped the shark in terms of patents. This case, which raises issues of such little importance to the greater scheme of patent law, is hardly appropriate for Supreme Court consideration. The Supreme Court is wasting its time hearing this case and denying the slot to a far more important matter, which is nearly unconscionable.

Each year the United States Supreme Court receives upwards of 7,000 petitions for a writ of certiorari, which is the petition one must file in order to ask the Court to take the case. The United States Supreme Court typically hears about 100 cases (plus or minus). One would suspect that the cases heard by the Supreme Court for full consideration and a written opinion would be of the utmost importance to the Republic. Those cases where there is either a

fundamental matter of law, an issue that impacts a great many people and a case of tremendous importance for the administration of justice. Simply stated, *Kappos v. Hyatt* does not qualify on any level for Supreme Court consideration. Taking this case is an extreme and utter waste of precious judicial resources.

From a procedural standpoint, *Kappos v. Hyatt* comes to the Supreme Court after an **en banc decision** by the United States Court of Appeals for the Federal Circuit. The question presented and considered by the full Court Federal Circuit was whether new evidence (i.e., evidence not previously presented to the USPTO) can be presented to the District Court when challenging a decision of the BPAI. The short answer was — YES. However, without new evidence at the District Court the Federal Circuit must continue to give deference to the USPTO on further appeal. See **CAFC Rules New Evidence OK in BPAI Appeal to District Court**.

This case arises due to a oddity of patent law. Under the patent laws, a patent applicant who is dissatisfied with the decision of the Board regarding a patent application may choose one of two paths. Pursuant to **35 U.S.C. 141**, the applicant may appeal the Board’s decision to the Federal Circuit, which will review the Board’s decision only on the record that was before the Patent Office. Alternatively, pursuant to **35 U.S.C. 145**, the applicant may file a civil action in the District Court for the District of Columbia and the court will determine whether the applicant “is entitled to receive a patent for his invention . . . as the facts in the case may appear.” 35 U.S.C. § 145. *Hyatt v. Kappos* presented the issue of what limitations exist on an applicant’s right to introduce new evidence in a § 145 civil action.

It is true that the Federal Circuit was incorrect in its ruling in the case, then styled *Hyatt v. Kappos*. As Judge Newman pointed out in a concurring opinion, there is absolutely no statutory support for the distinction drawn by the majority, and the holding is inconsistent with the Supreme Court’s ruling in **Dickinson v. Zurko**. Newman wrote:

I join the en banc court’s holding that new evidence may be provided in a civil action brought in the district court under 35 U.S.C. §145. However, the court also holds that when no new evidence is provided, the findings and rulings of the PTO receive the same deferential treatment in the district court as would apply if the cause were not a civil action under section 145, but instead were an Administrative Procedure Act direct appeal to the Federal Circuit under 35 U.S.C. §141. That is not the statutory plan.

The statutory plan is designed to differ from such a duplicative procedure, not to create it. Nonetheless, the court today holds that for those issues for which the applicant relies on the same evidence as was before the patent examiner, the ruling of the PTO is not

determined de novo but is reviewed with APA deference, identically to the section 141 appeal, except that the decision is initially made by one judge in the district court, en route to three-judge review if appeal is then taken to the Federal Circuit. No party presented or even contemplated such a redundant procedure, and no amicus discussed it. It is contrary to statute, to precedent, and to almost two centuries of legislative policy.

Judge Newman went on to say: “Neither the APA nor Zurko obliterated the purpose or changed the structure of the section 145 action as a full de novo proceeding.”

The fact that the Federal Circuit created an evidentiary distinction out of whole cloth does not mean that this case should be taken on appeal by the Supreme Court. Remember, this is the same Court that decided to **deny the petition of the State of Virginia** to hear the constitutional challenge to Obamacare without requiring the case to be heard by the United States Court of Appeals for the Fourth Circuit. For crying out loud — everyone in the country knows that the Supreme Court will eventually hear the case and make the ultimate decision on whether the individual mandate is constitutional, yet this enormously important issue that will affect over 30 million uninsured individuals, hundreds of thousands of businesses that provide medical insurance to employees and virtually every man, woman and child in the United States wasn’t important enough to decide sooner rather than later. But they took *Kappos v. Hyatt*. Absolutely absurd!

How many times do you suppose an issue has arisen relating to 35 U.S.C. 145 over the last 10 years? A search of cases shows that the Federal Circuit has issued decisions in 5 such cases and the United States District Court for the District of Columbia has heard 7 such cases. There were also a couple cases where the pro-se litigant tried to file an action under § 145 and filed a specious challenge (and I do mean specious) in the wrong district court. The breakdown is as follows:

Federal Circuit cases relating to § 145 since October 1, 2000

- Hyatt v. Kappos
- Encyclopaedia Britannica, Inc. v. Alpine Elecs., Inc.
- Takeda Pharm. Co. v. Doll
- Mazzari v. Rogan
- Exxonmobil Chem. Patents, Inc. v. Rogan

DC District Court cases relating to § 145 since October 1, 2000

- Bally Gaming, Inc. v. Kappos

- Case 1:18-cv-02800 Document 1-13 Filed 11/30/18 Page 134 of 715
- Hitachi Kasei v. Doll
 - Innovatit Seafood Sys., LLC v. Comm'r for Patents
 - Putman v. Dudas
 - Presley v. PTO
 - Innovatit Seafood Sys., LLC v. Comm'r for Patents
 - Galbreath v. Dudas

Miscellaneous District Court cases relating to § 145 since October 1, 2000

- Dunn v. Doll (N.D. CA)
- Boundy v. United States PTO (E.D. VA)

What is the Supreme Court thinking? Perhaps the question really should be: is the Supreme Court thinking?

I do realize that beginning with October 1, 2000, does not create a true 10 year period. That is, however, the beginning of Fiscal Year 2001 for the federal government, which will allow us to compare the number of patent applications filed from the start of FY 2001 through the end of FY 2010.

Over the 10 years between October 1, 2000 and September 30, 2010 there were a total of 4,247,741 U.S. patent applications filed, and a total of 1,880,738 U.S. patents issued. During this time there were 14 cases relating to 35 U.S.C. 145, which means the issue is raised in .0003% of patent applications filed at the United States Patent and Trademark Office.

All those attorneys and parties who will have your petition for cert. denied are left with the sad reality that your case is not as important as a matter that statistically comes up in .00% of all patent applications filed at the USPTO. So rather than take any number of important matters the Supreme Court has elected to delve into the ridiculously obscure. And we are supposed to pretend that these 9 individuals represent the best and brightest lawyers and judges in the United States? That is funny in a comic tragedy sort-of way.

Indeed, the Supreme Court has jumped the shark relating specifically to patents, but quite likely relating to law in general.

Tags: [CAFC](#), [dc district court](#), [dickinson-v-zurko](#), [Federal Circuit](#), [Gene Quinn](#), [hyatt-v-kappos](#), [Judge Pauline Newman](#), [jump the shark](#), [US Supreme Court](#), [§ 145](#)

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Beltway echo chamber June 30, 2011 8:04 pm

The Supreme Court took the case because the U.S. Government (PTO, DOJ, Solicitor's Office) told it that (a) the CAFC was wrong and (b) the issue was critically important. Maybe you should rant about them!

step back July 1, 2011 6:15 am

Gene,

Definitely a "jump the shark" moment in the history of cert grants.

Of all the crises facing our Great nation at this hour (i.e. the departure of Glen Beck, the collapse of the World banking system, the collapse of the case against IMF ex-chief Strauss-Kahn, the end of the Casey Anthony-on-trial show), the US Supreme Court has nothing better to do than to go after little 'ole Gilbert Hyatt; and for what? Because he had the audacity to demand his rights under 35 USC 145?

http://www.uspto.gov/web/offices/pac/mpep/documents/appxl_35_U_S_C_145.htm#usc35s145

EG July 1, 2011 8:58 am

Gene,

The "jump the shark" analogy is apt here. SCOTUS' arrogance knows no bounds in usurping the jurisprudential authority of the Federal Circuit on patent matters. We can only hope SCOTUS will grow weary of this "we're the superior court" power play. And in the end, the Federal Circuit jurisprudential authority in patent matters will prevail by sheer numbers as SCOTUS cannot review every such case.

American Cowboy July 1, 2011 11:00 am

I second what EG said. Except he said it more politely than I would have.

Paul F. Morgan July 1, 2011 11:28 am

Gene, my understanding is that this case was taken up not for its patent statute interpretation issue of limited impact, but because the Government is concerned about protecting the level of deference to ALL Federal agency decisions.

But a Section 145 action was certainly treated for many many years [before the surprise Fed. Cir. panel decision below that was then overruled en banc] as providing a de novo proceeding to bring in new evidence, such as live expert witness testimony, and to allow discovery, that is simply not available in PTO patent application proceedings. Its title is “Civil action to obtain a patent,” and it is expressly stated to be an alternative to an “appeal.”

P.S. if the PTO did a much better job of enforcing prosecution laches and docket control [as is finally now improving under Dave Kappos] instead of letting some ancient pending applications sit festering on examiner dockets for years and years and allowing hundreds of new claims to be filed many years after their priority-claimed original filing date, cases like this one would not be where it is.

Kurt M. Rylander July 1, 2011 2:05 pm

Gene,

Your statistics are inaccurate, at least in so far as you purport to give a statistic as to the number of times a district court has rendered a judgment on a section 145 action. I know this because I represented an inventor, who had done a pro se interference at the BPAI. He failed to properly get in lots of evidence. I decided to file a Section 145 action in the Western District of Washington. In doing so, I put in lots of new evidence—that was the purpose. We received a judgement in favor of my client, reversing the BPAI priority decision. This case does not appear in your statistics. This leads me to believe you are only looking at published district court decisions—which omits a huge swath of decisions. You should correct this.

Gene Quinn July 1, 2011 3:46 pm

Kurt-

Exactly how did you file a Section 145 action in the Western District of Washington? The terms of 35 U.S.C. 145 specifically require that such an action be filed in the United States District Court for the District of Columbia.

Would love for you to provide the decision or a citation.

-Gene

American Cowboy July 1, 2011 4:01 pm

Maybe it was in a red light district on the Columbia River in Washington, so they said, that is close enough to Washington, District of Columbia for government work.

Gene Quinn July 1, 2011 5:41 pm

AC-

Perhaps the mistake is that the action was NOT filed under 35 U.S.C. 145, but rather under 35. U.S.C. 146, which relates to Interferences.

Clearly, a 145 action could not be brought in the Western District of Washington, as Kurt claims, but an action could be brought in a district court other than the District of Columbia in the situation where an Interference is the underlying adverse proceeding.

This, however, would not mean my statistics relating to 35 U.S.C. 145 are inaccurate.

-Gene

Appeals July 5, 2011 6:47 pm

Gene—do you know if there's a way to identify pro se interferences specifically, and pro se appeals from the examiners to the BPAI generally?

So assuming Kurt meant to say it was a 146 action, bringing in new evidence is (also as with 145's) O.K. with such actions?

Gene Quinn July 6, 2011 12:40 pm

Appeals-

I do not know of any way to identify pro se interferences other than looking at the files and looking to see if there is an attorney listed.

I don't know that there has ever been a 145 case that discussed new evidence, but given that it is quite similar to 145 I suspect that the new evidence ruling in Hyatt v. Kappos would allow for new evidence.

-Gene

Appeals July 7, 2011 12:11 am

Thanks Gene.

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Las Vegas inventor battling US over patents sought in 1970s

AP Published 11:33 a.m. PT March 22, 2014 | Updated 2:40 p.m. PT March 23, 2014



(Photo: AP/Las Vegas Review-Journal, K.M. Cannon)

LAS VEGAS – An inventor in Las Vegas with more than 70 patents to his credit is suing federal patent officials, claiming they're improperly stalling decisions on two applications he submitted more than 40 years ago.

Gilbert Hyatt filed a lawsuit in January in federal court in Nevada seeking to force a U.S. Patent and Trademark Office decision on applications he submitted in 1971 and 1972.

Hyatt thinks the patent office is retaliating for him winning a 20-year battle in 1990 to get a patent on a single-chip microcomputer.

He says the more he fought and appealed other patents, the longer officials dragged out his applications.

Patent and U.S. attorney officials aren't commenting.

But government lawyers filed documents seeking dismissal of Hyatt's lawsuit.

They say his complaint should remain with the patent office.

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Seven questions with Gilbert Hyatt:

Microprocessor inventor's bullish on Las Vegas' future as tech center

By [Brian Nordli](#)

Tuesday, June 17, 2014 | 2 a.m.

In 1990, Gilbert Hyatt catapulted from unknown inventor to the father of personal computers.



After 20 years of court battles and patent applications, Hyatt was awarded U.S. Patent No. 4,942,516 for his single-chip integrated circuit computer architecture. The resulting single-chip microcontroller is used in electronics like digital cameras and watches.

The patent not only brought Hyatt millions of dollars, it also meant his design for the microchip was the backbone for most modern technology.

After winning the patent, Hyatt moved to Las Vegas to continue inventing, but controversy and court battles have followed ever since. His patent was overturned five years later in a decision that claimed Texas Instruments engineer Gary Boone had designed it first, but not before it was stamped on Playstations, camcorders and digital cameras.

Meanwhile, California tax officials tried to collect on Hyatt's earnings despite his move to Nevada. Hyatt fought back, winning a \$388 million settlement, which is pending a ruling in the Nevada Supreme Court. Still, his inventions and court rulings have shaped the technological landscape.

Today, he resides in Las Vegas, where he splits his time between court cases on two pending patents more than 40 years old and inventing new technology.

The Sun caught up with the inventor about the microcontroller, court cases and Las Vegas' tech potential. Here is what he had to say:

What was the process of gaining the microcontroller patent like?

The Patent Office didn't have much prior art, but they were concerned about whether I disclosed it sufficiently. I would present patent claims to the examiner, and he would give me rejections. I would have to find ways to argue the rejections were improper. It was very difficult because I was a struggling inventor at the time, and the Patent Office kept imposing hurdles for me to get over.

What is the status of your other patent applications?

I have a lot of patent applications. They were filed under special legislation that was passed in '94-'95, but the Patent Office has been delaying the issuance of them. They are held up in the Patent Office and have been stuck there for almost 20 years.

Can you talk about what inventions are held up by the Patent Office?

They're kept in confidentiality, but they include display technologies, such as virtual reality and augmented reality. They involve techniques that would improve television-like better data compression that would squeeze more imagery into a broadcast; the use of display systems to permit a surgeon to operate using virtual reality.

Why do you think they're delaying the issue of your patents?

They just don't want to issue patents to me. I'm entitled to a patent, the statute says I'm entitled to a patent, and they're finding all kinds of ways to keep me from getting to my entitlement.

What was it that has kept you pushing for patents?

Right now I'm trying to get reforms and trying to create a better environment for individual inventors by the challenges I'm taking on. In those days I was a struggling inventor doing all I could just to protect myself.

What else are you working on in Las Vegas?

Twelve years ago I won another unanimous Supreme Court decision, which has been said to change the face of federalism in America. It essentially said whatever Nevada is capable of legislating, it is free to legislate and control in Nevada. Therefore the project is to give special protection to different industries in Nevada to attract them here. One example is the Internet providers. They're being taxed by the various large states. We're working to give them a safe haven to attract them here.

What do you see for the future of Las Vegas in the tech world?

I think we have a great environment, and the best environment is the protective position. What I would like to see is to pass some legislation for a safe-haven for different types of professions such as Internet providers. By giving them protections through our state and laws, we can attract whole industries to Nevada.

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Old Applications; New Patents

🕒 January 18, 2014 👤 Dennis Crouch

By Dennis Crouch

Patent applications filed on or after June 8, 1995 have a term of twenty years from the date of application filing. The prior rule offered a term of seventeen years from the issue date. This change was part of the Uruguay Round Agreements Act (URAA) that harmonized US law with that of other countries and also helped to substantially move away from the problem of patent application sandbagging / submarining where patent applicants intentionally delayed prosecution in order to accrue additional end-stage patent term. That problem has arisen again, although to a lesser extent, with the generous patent term adjustment offered for delays in prosecution.

Although the change-over was almost twenty-years ago, there are still a number of pre-URAA patents pending at the PTO. When they issue, these patents have the benefit of having 17-more years of patent term remaining. For some fundamental technologies whose market has blossomed over the past two decades, that potential value is enormous. According to the PTO, there are now 450 of these old applications still pending at the USPTO. That is down from about 600 three years ago.

The chart below shows the number of pre-URAA patents issued each year for the past decade.

The twenty pre-URAA patents issued in 2013 are owned by only seven different entities, and twelve of them are owned by Personalized Media Communications.

- BAE Systems: 8,576,108 (active expendable decoy to fool enemy missiles);
- Children's Medical Center: 8,597,910 (DNA encoding Von Willebrand Factor Proteins);
- Colgate-Palmolive: 8,535,730 (tarter control toothpaste);
- Genentech, Inc.: 8,357,513; 8,399,250; 8,557,768 (genes and methods relating to the human mpl ligand polypeptide);
- Institut Pasteur: 8,507,196 (A kit for determining the absence of HIV-1 RNA in a biological sample);

- Personalized Media Communications: 8,395,707; 8,558,950; 8,572,671; 8,584,162; 8,587,720; 8,607,296; 8,559,635; 8,566,868; 8,601,528; 8,555,310; 8,613,034; 8,621,547 (programmable TV remote control);
- ZymoGenetics: 8,603,777 (Genetically modified cells that produce human Factor IX).

I recently wrote about the Gil Hyatt case that involves several patent applications filed in the 1970s and an additional handful of applications pending since the mid 1990s. The PTO has not issued a Hyatt patent since 1997.

About Dennis Crouch

Law Professor at the University of Missouri School of Law. [View all posts by Dennis Crouch →](#)

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FILEWRAPPER-OLD

On appeal, BPAI cannot group claims that do not share a common reason for rejection

January 02, 2009

In a recent decision, the Federal Circuit (<http://www.ca9c.uscourts.gov/>) affirmed a district court's vacatur of a decision of the Board of Patent Appeals and Interferences (<http://www.uspto.gov/web/offices/dcom/bpai/index.html>). In an appeal of rejections in twelve different applications involving approximately 2,400 claims, the Board only addressed the rejection of 21 "representative" claims pursuant to 37 C.F.R. § 1.192(c)(7) [now 37 C.F.R. § 41.37(c)(vii) (http://www.uspto.gov/web/offices/pac/mpep/documents/appxr_41_37.htm#cfr37s41.37)]. The Board took this position that each of the claims in the groupings were rejected under the same statutory provision, even though the rejections were not necessarily based on the same limitations.

The district court held this was improper. Specifically, the district court held the Board could only group claims if the basis for the rejection was the same, which requires both the same statutory provision and the same underlying basis for the rejection. Here, because the rejections at issue were predominantly under the written description requirement, the district court held claims could only properly be grouped if the limitation that was allegedly not described was present in each of the grouped claims.

The Federal Circuit affirmed, agreeing with the district court's analysis.

Gilbert Hyatt is the named inventor on twelve patent applications filed in May and June, 1995, but claiming priority, through a series of continuation applications to the early 1980s. Astute readers will recognize that June 8, 1995 is a critical date for patent term purposes, with applications on file before that date granted a term of the longer of 20 years from the earliest priority date or 17 years from the issue date. The four patents combined had roughly 2,400 claims, and all were finally rejected on various grounds, including noncompliance with the written description requirement—a common problem for applications with such a long priority chain.

Hyatt appealed the rejections to the Board of Patent Appeals and Interferences (<http://www.uspto.gov/web/offices/dcom/bpai/index.html>). On appeal, Hyatt contended each of the claims were separately patentable, and requested the Board examine the patentability of each separately, although he only actually provided separate argument in his brief for 21 of his claims. Because of this, the Board considered those 21 claims as "representative" for purposes of the appeal, and affirmed the rejections of those claims and, by extension, the remaining "non-representative" claims. Hyatt challenged this decision in district court pursuant to 35 U.S.C. § 145 (http://www4.law.cornell.edu/uscode/html/uscode35/usc_sec_35_00000145----000-.html), arguing the Board improperly selected the 21 claims as representative, and should have addressed each of the claims individually or, in the alternative, that the Board improperly selected these 21 claims as representative. The district court partially agreed with Hyatt, holding that while he did not argue each of his claims individually, it was improper for the Board to group claims simply because they were rejected under the same section of the statute. Instead, in order to comply with 37 C.F.R. § 1.192(c)(7) [now 37 C.F.R. § 41.37(c)(vii)

(http://www.uspto.gov/web/offices/pac/mpep/documents/appxr_41_37.htm#cf37s41.37)), for the written description rejections, the Board had to at least group claims that shared a common limitation that was allegedly not described. The USPTO appealed.

The Federal Circuit affirmed. As an initial matter, the court first addressed whether it had jurisdiction over the appeal. Generally the court does not have jurisdiction over an order remanding a the case to the USPTO in a § 145 (http://www4.law.cornell.edu/uscode/html/uscode35/usc_sec_35_00000145----000-.html) action. However, the court may accept jurisdiction if denying review "would likely result in the permanent loss of an agency's ability to appeal the lower court's determination of a legal issue." Such a case existed here, as without appeal, the USPTO would not be able to obtain review of the district court's interpretation of the applicable regulation, so the Federal Circuit held it properly had jurisdiction over the appeal.

Turning to the merits, the court first observed that the USPTO's interpretation of its own regulation is entitled to "substantial deference," and is only reversible if "plainly erroneous or inconsistent with the regulation." The text of the regulation is reproduced below, with the relevant passage emphasized:

Grouping of claims. For each **ground of rejection** which appellant contests and which applies to a group of two or more claims, the Board shall select a single claim from the group and shall decide the appeal as to the ground of rejection on the basis of that claim alone unless a statement is included that the claims of the group do not stand or fall together and, in the argument under paragraph (c)(8) of this section, appellant explains why the claims of the group are believed to be separately patentable. Merely pointing out differences in what the claims cover is not an argument as to why the claims are separately patentable.

The question was whether "ground of rejection" just means the particular statutory section that forms the basis for the rejection, or the underlying reason why the claim did not meet the statutory requirement. According to Hyatt, claims may only properly be grouped if the rejection of those claims is based on the same section and for the same reason (here a limitation that was not adequately described); the USPTO contended only the same section needed to be implicated.

Unfortunately for the USPTO, the Federal Circuit had previously held in *In re McDaniel* (<http://cases.justia.com/us-court-of-appeals/F3/293/1379/521938/>) that differences among grouped claims must be of "no patentable consequence to a contested rejection." Accordingly, under *McDaniel*, the "ground of rejection" discussed in § 1.192(c)(7) "is not merely the statutory requirement for patentability that a claim fails to meet but also the precise reason why the claim fails that requirement."

Applying this interpretation, the court had little trouble affirming the district court's judgment. The claims at issue were not grouped in this manner by the Board, so the district court's order to do so on remand was correct. The Federal Circuit did offer some solace to the USPTO, noting that Hyatt was not permitted on remand to raise new arguments not previously raised to the Board, unless such arguments were not previously required to have been made.

To read the full decision in *Hyatt v. Dudas*, click here (<http://www.cafc.uscourts.gov/opinions/07-1050c.pdf>).

Post has no comments.



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United States: Once An Argument Is Waived On Appeal, It's Gone Forever

Last Updated: January 8 2009

Article by [Paul Devinsky](#) and [Nathaniel McQueen](#)

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On December 23, 2008, the Federal Circuit affirmed a district court ruling in a consolidated case involving a patent owner's challenge of a decision by the USPTO's Board of Patent Appeals and Interferences to affirm the rejection of all 2400 claims in 12 separate continuation applications.

On December 23, 2008, the U.S. Court of Appeals for the Federal Circuit affirmed a district court ruling in *Hyatt v. Dudas*, a consolidated case (brought under 35 U.S.C. § 145), involving a patent owner's challenge of a decision by the U.S. Patent and Trademark Office's (USPTO's) Board of Patent Appeals and Interferences (the Board) to affirm the rejection of all 2400 claims in 12 separate continuation applications, dating back to the early 1980s.

The district court vacated the Board's decision and remanded the case to the Board for further consideration. The USPTO appealed the remand order, raising two issues: the extent to which 37 C.F.R. § 1.192(c)(7) permits the Board to affirm the rejections of groups of patent claims based upon its consideration of certain representative claims, and whether the district court's remand order requires the Board to consider arguments that Gilbert P. Hyatt allegedly waived by failing to raise them before the Board in his initial appeal.

During prosecution of the applications, the most common basis for rejection was that the claims lacked written description support under 35 U.S.C. § 112, first paragraph. Although Hyatt argued that each of his claims should be reviewed independently, he only discussed and argued the rejections of 21 of his claims in his appeal brief (to the Board). On this basis, the Board selected these 21 claims as representative of all 2400 claims on appeal and affirmed the examiner's rejections of all the claims based on the rejections of the 21 claims.

In the § 145 appeal, the district court agreed with the USPTO that Hyatt failed to separately argue each of his claims, but nevertheless held that the Board improperly selected the 21 claims as representative of Hyatt's remaining claims because, under § 1.192(c)(7), the Board should not have grouped the claims unless each of the claims shared a limitation that was not disclosed in the specification. Accordingly, the district court remanded the case to the Board with instructions to regroup and reconsider Hyatt's claims.

"Ground of Rejection"

The Federal Circuit's decision hinged on the definition of "ground of rejection" as set forth in § 1.192(c)(7). The USPTO argued that "ground of rejection" meant the statutory section under which a claim was rejected. In other words, according to the USPTO, if a grouping consisted of claims which all failed to satisfy § 112, ¶ 1 (regardless of the limitations set forth in each claim) the grouping was proper. Conversely, Hyatt argued that "ground of rejection" meant both the statutory section under which the claim was rejected and the reason why the claim failed to meet that statutory requirement.

The Federal Circuit, relying on *In re McDaniel*, (293 F.3d 1379, 1383 (Fed. Cir. 2002)) explained that under its precedent, § 1.192(c)(7) was interpreted to mean that the rule operates to relieve the Board from reviewing the myriad of distinctions that might exist among claims which are of no patentable consequence to a contested rejection. In *McDaniel*, the court held that the USPTO's interpretation of § 1.192(c)(7) was clearly erroneous and that the Board erred in treating four claims, each rejected under 35 U.S.C. § 103(a), as a commonly rejected group, because each claim was rejected over different references.

The Federal Circuit noted that this interpretation is consistent with the fact that the USPTO bears the initial burden of presenting a *prima facie* case of unpatentability. Since the USPTO's Manual of Patent Examination Procedure expressly instructs the examiner to specify which claim limitation is lacking adequate support in the written description, the relevant "ground of rejection" is the USPTO's identification of a specific limitation that lacks written description support.

As such, the Federal Circuit held that claims rejected for lack of written description do not share a common "ground of rejection" under § 1.192(c)(7) unless the claims share a common limitation that lacks written description support. Accordingly, the Federal Circuit affirmed the district court's remand order, instructing the Board to regroup and reconsider Hyatt's claims according to appropriate representative claims.

Waiver

Turning to the issue of whether the Board (on remand) must consider the grounds of rejection that Hyatt failed to contest in his initial appeal to the Board, the Federal Circuit held that the Board need not consider the waived rejections. The Federal Circuit explained that § 1.192(c)(7) clearly states, "for each ground of rejection which appellant contests and which applies to a group of two or more claims, the Board shall select a single claim from the group and shall decide the appeal as to the ground of rejection on the basis of that claim alone." Thus, the Federal Circuit concluded that rule places no burden on the Board to reconsider a waived rejection. Accordingly, the Federal Circuit found that the Board is free on remand to apply the rule of waiver to any grounds of rejection not contested by Hyatt in his initial appeal to the Board.

The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.

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Patent Applicants Can Submit New Evidence In District Court Civil Actions Under 35 U.S.C. §145

Mr Isaac Crum, Paul Devinsky and Charles J. Hawkins

By Mr Isaac Crum, Paul Devinsky and Charles J. Hawkins

Reversing a prior panel decision, the en banc Federal Circuit recently held that the only limitations on the admissibility of new evidence in a §145 proceeding are those imposed by the Federal Rules of Evidence and Federal Rules of Civil Procedure, but confirmed that new issues not raised during Patent Office proceedings may not be raised in a §145 proceeding.

McDermott Will & Emery (United States)Patent Applicants Can Submit New Evidence In District Court Civil Actions Under 35 U.S.C. §14515 November 2010

On November 8, 2010, the U.S. Court of Appeals for the Federal Circuit, in a 6-2-1 en banc ruling, held that 35 U.S.C. §145 imposes no special limitation on a patent applicant's right to introduce new evidence in a civil action against the U.S. Patent and Trademark Office (PTO). The Federal Circuit thus reversed the district court, concluding it applied the wrong legal standard for the admissibility of new evidence under §145 and abused its discretion in excluding a declaration submitted by the applicant. *Hyatt v. Kappos*, Case No. 07-1066 (Fed. Cir., Nov. 8, 2010) (Moore, J.); (Newman, J., concurring-in-part, dissenting-in-part); (Dyk, J.; dissenting). As a result of this ruling, applicants disappointed by rulings of the PTO, rather than appeal directly to the Federal Circuit (under 35 U.S.C. §141), may consider filing a civil action with the opportunity to supplement the administrative record on any issue that had been raised at the PTO.

Summary

The Federal Circuit, reversing a prior panel decision, held that the only limitations on the admissibility of new evidence in a §145 proceeding are those imposed by the Federal Rules of Evidence and Federal Rules of Civil Procedure. However, the court also confirmed that new issues (and evidence relating to new issues) that are not raised during PTO proceedings may not be raised in a §145 proceeding and that, in the absence of additional evidence, the district court must apply the APA (Administrative Procedures Act) standard of review given the PTO's particularized expertise assessing patentability.

Procedural Background

The case stems from a patent application filed by Gilbert P. Hyatt, the sole inventor named on U.S. Application Ser. No. 08/471,702 (the '702 application). The 238-page, 40-drawing '702 application was filed by Hyatt in 1995 and, through

a series of intervening applications, claims priority to a 1975 application. After a non-final office action, Hyatt filed a response in which he included amended and new claims.

The examiner deemed the response incomplete, arguing, among other things, that Hyatt failed to identify support in the specification for his new and amended claims. In response, Hyatt listed pages of the specification that contained representative support for the claims. The examiner issued a final office action rejecting all pending claims, arguing, in part, that particular categories of claimed subject matter lacked support in the specification, and failed to comply with the written description and enablement requirements of 35 U.S.C. §112.

Hyatt appealed to the U.S. Board of Patent Appeals and Interferences (the Board). The Board, in relevant part, reversed most of the examiner's written description rejections, but upheld some. Hyatt filed a request for rehearing on the rejected claims, which the Board dismissed on the basis that it raised new issues that could have been raised to either the examiner or the Board. Hyatt responded by filing a civil action at the District Court for the District of Columbia under §145.

In response to the PTO's summary judgment motion, Hyatt submitted a declaration identifying portions of the specification that he asserted one of skill on the art would appreciate supported his new and amended claims. The PTO objected to the declaration, arguing that the district court should not consider the new evidence because Hyatt did not introduce it to either the Board or the examiner, despite his obvious ability to have done so.

The district court agreed with the PTO, ruling that Hyatt's failure to present the evidence to the PTO constituted a negligent act. With no new evidence submitted, the district court reviewed the Board's fact findings for substantial evidence and granted the PTO's summary judgment motion. Hyatt appealed.

In its earlier ruling (IP Update, Vol. 12, No. 8), the Federal Circuit panel affirmed the lower court's ruling. The panel majority, while acknowledging that new evidence can be submitted in §145 proceedings under certain circumstances, concluded that new evidence should not be permitted if it could and should have been introduced at the PTO but was not. The panel also held that the APA imposed limitations on the introduction of new evidence in §145 actions.

The Federal Circuit later agreed to hear the appeal en banc, requesting that the parties' briefing address the issues of whether there are limitations on the admissibility of new evidence in §145 proceedings (IP Update, Vol. 13, No. 3).

The En Banc Ruling

In its en banc ruling, the Federal Circuit initially focused on the language of the statute, noting that the statute itself provided no indication that a civil action under §145 is different from any other civil action. The court also pointed out that §145 clearly distinguishes the civil action provided for therein as an alternative to a direct appeal to the Federal Circuit under §141 (where the applicant is limited to the administrative record). Relying on the portion of §145 that states the district court may "adjudge that such applicant is entitled to receive a patent for his invention... as the facts in the case may appear," the court vacated the district court decision and remanded the case.

In its analysis of §145, the court looked to the legislative history, noting that as far back as the Patent Act of 1870, the U.S. Congress indicated that applicants seeking review of an adverse finding of patentability at the PTO can introduce new evidence. The court found nothing changed in the Patent Laws in this respect in the subsequent 140 years.

The Federal Circuit rejected the PTO's argument that Congress intended that only evidence that could not have reasonably been presented to the Patent Office should be admissible in §145 proceedings, distinguishing the 1894 Supreme Court case *Morgan v. Daniels*, on the basis that *Morgan* does not relate to the admissibility of new evidence at all because no party in that case was seeking to introduce any. Rather, the court viewed *Morgan* as going to the deferential agency standard of review when no new evidence is introduced and fact finding is done based on the administrative record.

Citing two Supreme Court cases going to the admissibility of evidence, *Butterworth v. Hoe*(1884) and *Dickinson v. Zurko* (1999), as well as several prior circuit court cases discussing §145 its predecessor, the majority concluded §145 permits the introduction of new evidence:

We hold that 35 U.S.C. §145 imposes no limitation on an applicant's right to introduce new evidence before the district court, apart from the evidentiary limitations applicable to all civil actions. ... In doing so, we reject the [PTO's] proposal that only "new evidence that could not reasonably been provided to the agency in the first instance" is admissible in a §145 action.

The court was quick to note that the underlying PTO proceedings remain relevant, stating that the district court must apply the APA standard of review to fact findings for which no new evidence was introduced. The court reasoned that such a deferential standard is appropriate given the PTO's expertise in assessing patentability. The Federal Circuit also noted the district court may consider the underlying PTO proceedings in determining what weight to give new evidence in §145 action. Finally, the court agreed with the PTO that encouraging full disclosure to the PTO is sound policy, but concluded that policy does not override the language of §145.

Concurring and Dissenting Opinions

Judge Newman issued an opinion concurring with the majority's holding that new evidence may be introduced, in a §145 action, but dissented from the holding that when no new evidence is submitted, the APA standard of review applies as contrary to "the statutory plan." In Judge Newman's view, the statutory plan does not contemplate a "duplicative procedure [to §141]" even where an applicant relies on the same evidence.

In a 37-page dissent, Judge Dyk, joined by Judge Gajarsa, argued that the majority made an error in finding that §145 imposes no limitation on an applicant's right to submit new evidence to the district court. Judge Dyk argued that permitting de novo trials at the district court improperly serves to minimize the expertise of the PTO and promotes situations in which applicants intentionally withhold evidence from the highly specialized PTO in favor of what an applicant might regard as a more favorable forum, i.e., a district court that lacks the PTO's knowledge of patentability.

Practice Note

The burden on applicants to submit essentially all possible evidence to the Board is now somewhat alleviated. However, the majority's decision should not be read too broadly, as the court did confirm that issues (and evidence in support of new issues) never raised at the PTO cannot be raised in §145 proceeding. Also, because, in cases where no new evidence is introduced in a §145 procedure, the standard of review will be the same as that which applies in a §141 appeal, there is now no reason to file a §145 appeal unless the introduction of new evidence is contemplated.

Given the similarity between 35 U.S.C. §145 and its Lanham Act counterpart, 15 U.S.C. §1071(b), the standards set forth in the *Hyatt v. Kappos* decision are likely to apply to proceedings challenging decisions the Trademark Trial and Appeal Board.

The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.

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United States: Patent Applicants Can Submit New Evidence to the District Court in Civil Actions Under §145 (IP Update, Vol. 15, No. 4, April 2012 - Part 1)

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McDermott Will & Emery



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Patents / Section 145

Patent Applicants Can Submit New Evidence to the District Court in Civil Actions Under §145

by Paul Devinsky and Charles J. Hawkins

In an unanimous decision, the U.S. Supreme Court affirmed the U.S. Court of Appeals for the Federal Circuit and held that 35 U.S.C. §145 imposes no special limitation on a patent applicant's right to introduce new evidence in a civil action involving district court appeals from final determinations of the U.S. Patent and Trademark Office (PTO). *Kappos v. Hyatt*, Case No. 10-1219 (Supr. Ct., Apr. 18, 2012) (Thomas, Justice). (Sotomayor, Justice and Breyer, Justice, concurring).

The case stems from a patent application filed by Gilbert P. Hyatt. During prosecution, the examiner issued a final office action rejecting all pending claims for a failure to comply with the requirements of 35 U.S.C. § 112. Hyatt appealed to the PTO Board of Patent Appeals and Interferences (Board). The Board reversed some of the examiner's rejections, but upheld others. Rather than pursue a direct appeal to the Federal Circuit via 35 U.S.C. §141, Hyatt filed a civil action at the District Court for the District of Columbia under §145.

In response to a summary judgment motion filed by the PTO, Hyatt submitted a declaration identifying portions of the specification that he claimed supported the rejected claims under § 112. The PTO objected to the declaration, arguing that the new evidence should not be considered because Hyatt did not raise it before the PTO, despite being able to do so.

The district court agreed with the PTO, ruling that Hyatt's failure to present the evidence to the PTO constituted a negligent act. With no new evidence submitted, the district court reviewed the Board's fact findings for substantial evidence and granted the PTO's summary judgment motion. Hyatt appealed to the Federal Circuit.

In a panel ruling (see *IP Update*, Vol. 12, No. 8), the Federal Circuit affirmed the lower court's ruling. The panel majority, while acknowledging that new evidence can be submitted in §145 proceedings under certain circumstances, concluded that new evidence should not be permitted if it could and should have been introduced at the PTO. The panel also held that the Administrative Procedures Act (APA) imposed limitations on the introduction of new evidence in §145 actions.

The Federal Circuit then heard the appeal *en banc* and ruled that applicants are free to introduce new evidence in § 145 proceedings subject only to the Federal Rules of Evidence and the Federal Rules of Civil Procedure, even if the applicant had no justification for failing to present the evidence to the PTO (see *IP Update*, Vol. 13, No. 3). The court also held that the district court must make *de novo* findings to take new, conflicting evidence into account during § 145 proceedings.

The Supreme Court Ruling

The Supreme Court began by analyzing the language of §145, concluding that the statute neither imposes unique evidentiary limits in district court proceedings nor establishes a heightened standard of review for factual findings by the PTO.

The Supreme Court then considered the PTO's argument that district courts should give administrative deference to its factual findings and only consider new evidence if the party did not have an opportunity to present it to the agency. The Supreme Court rejected the argument, finding that no matter how great its expertise, the PTO cannot account for evidence that it has never seen. Thus, the Court concluded, it makes little sense for the district court to apply a deferential standard of review to PTO factual findings that are contradicted by the new evidence. The Court further held that the principles of administrative exhaustion do not apply in a § 145 proceeding because, by the time such a proceeding occurs, the PTO's process is complete.

The Supreme Court concluded that when new evidence is introduced in a §145 proceeding, the district court, in its role as fact finder, must assess the credibility of new evidence, reconcile the new evidence with the administrative record and evaluate the weight the new evidence deserves. The Supreme Court explained that, "where new evidence is presented to the district court on a disputed fact question, a *de novo* finding will be necessary to take such evidence into account together with the evidence before the board." The Court moreover agreed with the Federal Circuit that the district court may, in its discretion, "consider the proceedings before and findings of the Patent Office in deciding what weight to afford an applicant's newly admitted evidence."

The Court found it unlikely that patent applicants would withhold evidence from the PTO intentionally with the goal of presenting that evidence for the first time to a non-expert judge, noting that an applicant that pursues such a strategy would be intentionally undermining his claims before the PTO on the speculative chance that he will gain some advantage in the §145 proceeding by presenting new evidence to a district court judge.

Concurring Opinion

In her concurring opinion, Justice Sotomayor noted that there may be situations in which an applicant's conduct before the PTO calls into question the propriety of admitting evidence presented for the first time in a § 145 proceeding before a district court. (Justice Breyer joined in the opinion.) In those situations, a district court maintains its authority to exclude evidence "deliberately suppressed" from the PTO or otherwise withheld in bad faith, consistent with "the ordinary course of equity practice and procedure." Otherwise, when a patent applicant fails to present evidence to the PTO due to ordinary negligence, a lack of foresight, or simple attorney error, the applicant should not be estopped from presenting the evidence for the first time in a §145 proceeding.

Practice Note: Patent applicants need not fear that if they fail to bear the financial burden of submitting essentially all possible evidence to the Board, they are foreclosed from using §145 as an effective vehicle for supplementation of the record on appeal. However, in cases in which no new evidence is introduced in a §145 procedure, the standard of review will be the same as that which applies in a §141 appeal, i.e., the "substantial evidence" standard. Thus, there is no reason to file a §145 appeal unless the introduction of new evidence is contemplated.

Given the similarity between §145 and its Lanham Act counterpart, 15 U.S.C. §1071(b), the standards set forth in the *Hyatt v. Kappos* decision are likely to apply to proceedings challenging decisions of the Trademark Trial and Appeal Board (TTAB).

Patents / Inequitable Conduct

To Quote Mark Twain "Reports of My (Inequitable Conduct) Death Have Been Greatly Exaggerated"

by Paul Devinsky

Notwithstanding the rigorous test for proving inequitable conduct established by the *en banc* U.S. Court of Appeals for the Federal Circuit last May in its *Therasense* decision (see [IP Update, Vol. 14, No. 6](#)), the Federal Circuit upheld a district court decision finding that the patents covering Aventis Pharma's blockbuster anti-cancer drug Taxotere were unenforceable due to inequitable conduct. *Aventis Pharma S.A. v. Hospira, Inc.*, Case No. 11-1018 (Fed. Cir., Apr. 9, 2012) (Prost, J.).

The patents in question cover intravenous formulations of Taxotere as delivered in a diluted aqueous solution called a "perfusion." The patented formulation was designed to overcome stability and toxicity problems in a prior formulation by use of a different surfactant and by limiting the amount of ethanol as compared to prior art formulations.

The district court concluded that specific claims of each of the Aventis patents were invalid for obviousness, not infringed and unenforceable. In terms of its decision on inequitable conduct, the district court (in a pre-*Therasense* ruling) made separate and distinct findings on intent and materiality, finding that two prior patents were material to patentability and that the inventor intentionally withheld them intending to deceive the U.S. Patent and Trademark Office (PTO). Aventis appealed.

In *Therasense*, the Federal Circuit rejected the "sliding scale" approach to proving inequitable conduct "where a weak showing of intent may be found sufficient based on a strong showing of materiality, and vice versa" and held that "[i]ntent and materiality are separate requirements." As for materiality, the *Therasense* Court held that "but-for materiality is the standard for evaluating the materiality prong of the analysis unless there is affirmative egregious misconduct." In affirming the district court, the Federal Circuit that "although the district court did not have the benefit of our *Therasense* opinion when it rendered its inequitable conduct decision, the [district] court nevertheless found that the withheld references were but-for material to patentability and made distinct intent and materiality findings rather than employing the now-abrogated sliding scale approach."

Aventis argued on appeal that the inventor had explained why he did not disclose the references to the PTO and that the district court's finding that he acted with the intent to deceive "was not the single most reasonable inference that could be drawn from the evidence." Additionally, Aventis contended that the withheld references were not material because they were duplicative of references already before the PTO.

Materiality

After explaining that the standard for establishing "but-for materiality" in the inequitable conduct context requires only "a preponderance of the evidence, giv[ing] claims their broadest reasonable construction," the Court made short work of Aventis' materiality argument noting that, "when a claim is properly invalidated in district court based on the deliberately withheld reference, then that reference is necessarily material for purposes of the inequitable conduct inquiry."

Intent

The Federal Circuit, after reiterating that in order to satisfy the *Therasense* intent requirement, "the accused infringer must prove by clear and convincing evidence that the applicant knew of the reference, knew that it was material, and made a deliberate decision to withhold it," nevertheless concluded that Hospira had met its burden.

Giving due regard to the district court's credibility determination, the Federal Circuit concluded that the district court's finding that the inventor acted with a specific intent to deceive the PTO in "withholding those references is not clearly erroneous." At trial, the inventor testified that he considered his prior art work a "failure" and that he therefore believed he did not need to disclose it to the PTO. Aventis argued that based on this testimony the court erred in finding that the inventor "had the specific intent to deceive the PTO because the finding was not the single most reasonable inference that could be drawn."

However, noting the totality of inventor's testimony, including his testimony that his prior experiments (reported in the withheld reference) was one of the "main factors that shaped [his] thinking" in choosing a surfactant for the claimed invention, the Federal Circuit concluded the district court was justified in finding the inventor's explanation to not be credible, especially since the inventor disclosed to the PTO other prior art that presented the problem he was attempting to solve (without disclosing a possible solution).

Practice Note: In this case, since the district court's invalidity findings were affirmed (based on a clear and convincing evidence standard), satisfaction of the materiality prong (based on the preponderance standard) was a forgone conclusion.

On a related note, the remand to the district court in the *Therasense* case that gave rise to the *en banc* Federal Circuit decision has now resulted in a ruling that even under the far stricter test now in effect, the *Therasense* patent is unenforceable due to inequitable conduct. *Therasense v. Becton Dickinson*, Case No. 3:04-cv-02123-WHA (ND Cal., March 27, 2012) (Alsup, Distr. J.). In the remand decision, the court found that the withheld briefs were material under the "but for materiality" test and that the persons who withheld it did so with the specific intent to deceive the PTO. Early on his decision, in reference to the Federal Circuit's *Therasense* decision, Judge Alsup seems to question the wisdom of an inequitable conduct standard under which "an applicant or his attorney may knowingly and deliberately withhold from the PTO any reference known to be inconsistent with a position taken by him or her before the PTO so long as the withholder does not know that the reference itself would lead to a rejection."

Patents / Means-Plus-Function Claims

Computer-Implemented ¶ 112 ¶6 Claims Require a Disclosed Algorithm

by Hasan Rashid

Further disincentivizing the use of means-plus-function claim elements in software patents, the U.S. Court of Appeals for the Federal Circuit upheld an indefiniteness ruling, concluding that the specification in issue failed to disclose an algorithm to perform all of the functions assigned to the means-plus-function element. *Noah Sys., Inc. v. Intuit Inc.*, Case No. 11-1390 (Fed. Cir., Apr. 9, 2012) (O'Malley, J.).

The patent-in-suit relates to a system for automated financial accounting. The claims recite an "access means" for providing authorized users access to a master ledger on a financial accounting computer so that the user can enter, delete, review, adjust and process data in the ledger.

Without hearing expert testimony, the district court held that Noah's specification does not disclose an algorithm supporting the claimed "access means" as required by Federal Circuit precedent for computer-implemented means plus function claim elements. Noah appealed. The issues on appeal were whether the district court was required to consider expert testimony and whether the patent specification adequately supported the claimed "access means."

On appeal, the Federal Circuit considered the claim element and concluded that the claimed "access means" performs two functions: authorizing users and permitting users to enter, delete, review, adjust and process data. However, the Court disagreed with the district court in finding that the specification did indeed disclose an algorithm for the first function, namely using a pass code system to grant access to a user. However, the Court also found that the specification did not disclose an algorithm for permitting a user to modify data. By analogy, the Court analogized the situation to giving a user a pass code to unlock a Microsoft Word document but without providing the user a program to modify the document.

Finding support in the specification for only one of two recited functions, the Court turned to whether the indefiniteness issue could be decided without expert testimony. The Court noted two lines of cases—the first where a specification discloses no algorithm and the second where an algorithm is disclosed but the adequacy of the disclosure (in terms of satisfying the definiteness requirement of ¶ 112, ¶ 2 in the context of ¶ 112, ¶ 6 claim elements) was in dispute (see *Aristocrat, IP Update*, Vol. 11, No. 4). The first line of cases stand for the proposition that evidence as to the view of one skilled in the art is unnecessary as "a direct consequence of the requirement that the specification itself adequately disclose the corresponding structure." Where, as here, an algorithm is disclosed for performing only some of multiple claimed functions, the Court concluded that the claim falls into the first line of cases and no expert testimony is required to decide the indefiniteness issue.

Citing *Aristocrat* and *Blackboard*, the Federal Circuit also rejected Noah's argument that the specification was adequate because one skilled in the art would have known how to program a computer to permit a user to modify data. The Federal Circuit concluded that argument could not withstand scrutiny—and was the same argument it rejected in *Finisar* (see *IP Update*, Vol. 11, No. 5)—because, if accepted, a means plus function claim's scope would include *any* conceivable structure for performing the claimed function, contrary to the specificity required for such claims to be definite.

Practice Note: This case, along with the *Ergo Licensing* decision (decided on March 26, 2012), indicates the Federal Circuit's continued trend to strictly analyze compliance with the ¶ 112, ¶ 2 definiteness requirement of software related means-plus-function (¶ 112, ¶ 6) claim elements.

Patents / Licensing

Licensing Discussions Give Rise to Declaratory Judgment Action

by Avani C. Macaluso

Addressing the issue of whether a case or controversy exists in a declaratory judgment action in which the patentee alleged possible infringement during patent licensing discussions, the U.S. Court of Appeals for the Federal Circuit vacated and remanded a district court's determination that jurisdiction did not exist under the facts as alleged in the complaint. *3M Company v. Avery Dennison Corp.*, Case No.11-1339 (Fed. Cir., Mar. 26, 2012) (Lourie, J.).

This case involves competitors, 3M and Avery, each of which utilize retroflective sheeting technology in a variety of applications including road signs. The parties have a history of engaging in IP litigation dating back to 2001 when Avery sued 3M for patent infringement, including two patents not currently at issue. During settlement of that prior litigation, the parties engaged in confidential discussions at which time 3M became aware that Avery was prosecuting reissue applications for the two patents presently at issue—the Heenan patents. In March of 2009, Avery's counsel initiated a call to 3M's counsel stating that 3M's retroflective sheeting material "may infringe" the Heenan patents and that "licenses are available," an offer 3M's counsel rejected. Avery's counsel responded that an analysis had been conducted and Avery would "send claim charts." No such charts were sent.

About a year later, 3M filed a declaratory judgment action of non-infringement, invalidity and intervening rights with respect to the Heenan patents. Avery filed a motion to dismiss 3M's declaratory judgment claims for lack of subject-matter jurisdiction. The district court agreed and concluded that subject-matter jurisdiction did not exist at the time the complaint was filed.

The district court outlined a number of reasons for dismissal, noting that the jurisdictional inquiry is objective and so finding 3M's subjective beliefs of Avery's motives for initiating the reissue proceedings immaterial. The district court also discounted the history of prior litigation because those cases involved unrelated patents and products. Finally, the district court concluded

that the discussions between counsel were informal because Avery did not provide a detailed infringement analysis or deadline for 3M to respond, and that the passage of time from those discussions to the date 3M filed its declaratory judgment action indicated insufficient immediacy to warrant a declaratory judgment action. 3M appealed.

The Federal Circuit acknowledged there is no bright-line rule in determining whether a case or controversy exists. However, citing to *Hewlett-Packard Co. v. Acceleron LLC*, (see *IP Update*, Vol. 12, No. 12) the Court explained that for a dispute to be "definite and concrete," more is required than "a communication from a patent owner to another party, merely identifying its patent and other party's product line." Rather there must be an "affirmative act by the patentee relating to the enforcement of its patent rights."

On the facts of the present case, the Federal Circuit took issue with the district court's determination that counsels' discussions were informal, finding that Avery effectively charged 3M with infringement of the Heenan patents. Notwithstanding the fact that Avery's counsel employed the term "may infringe" (rather than "does infringe") the Court concluded there was an "effective" charge of infringement in view of the offer to license the Heenan patents and the representation that claim charts were being sent. Of particular importance to the Court was the fact that Avery's counsel initiated, without provocation, the communications with 3M. The Court found some of the fact cited by Avery as mitigating against declaratory judgment jurisdiction to be not particularly probative, including whether the contact was by telephone and the passage of time between the contact and declaratory judgment filing. The parties' past litigation history was characterized by the Court as "equivocal" (in terms of its analysis) as was Avery's initiation of the reissue proceedings. The case was remanded for the district court to resolve Avery's factual challenges as to the actual contacts and as to whether the discussions were subject to a confidentiality agreement in order to determine if a case or controversy exists.

Patents / Res Judicata

Reexamined Claims Do Not Create a New Cause of Action

by Gregory D. Yoder

The U.S. Court of Appeals for the Federal Circuit upheld a district court ruling that claims that emerge from a reexamination do not create a new cause of action that did not exist before. *Aspex Eyewear, Inc. v. Marchon Eyewear, Inc.*, Case No. 11-1147 (Fed. Cir., Mar. 14, 2012) (Bryson, J.).

Aspex Eyewear sued Marchon Eyewear for patent infringement in 2006, alleging Marchon's old design of eyeglass frames infringed its patent. While that case was pending, Marchon began making and selling a new design of frames that were substantially similar to the old design. In early 2008, Aspex and Marchon entered into a settlement agreement that included a stipulation to dismiss with prejudice all claims that could have been raised in the settled litigation. The stipulation specifically referred to Marchon's old design of eye frames, and Marchon agreed to stop producing and selling the old design.

A third party requested a reexamination of the Aspex patent. After the 2006 case was settled, the reexamination ended with Aspex amending claim 23 and adding new claim 35. Aspex then filed a new suit against Marchon, accusing Marchon's old design and new design of infringing the reexamined claims. Marchon argued that the suit was barred by *res judicata* and by the 2008 settlement agreement. The district court held that the newly asserted patent claims were the same as the old claims and the accused products were the same, therefore the suit was barred by *res judicata*.

By statute, claims that emerge from a reexamination cannot be broader in scope than the original claims. In addition, the district court found that even though the reexamined claims did not exist at the time the 2006 suit was filed, and therefore could not have been brought at that time, the reexamined claims were merely new versions of claims that were part of the Aspex patent prior to its reexamination. Aspex appealed.

The Federal Circuit, affirming the district court in part, noted that because the reexamined claims were narrower in scope than the original claims, and because the changes to the claims were insubstantial, the district court's correctly concluded that Aspex's allegations against Marchon's old design was barred by *res judicata*.

However, the Federal Circuit declined to bar Aspex's allegation of infringement by Marchon's new design because those products were not made or sold before the 2006 suit. Marchon argued that the new design was essentially the same as the old design, therefore the claims should be barred. However, the Federal Circuit concluded that because a claim for patent infringement against the new design could not have been made at the time the 2006 complaint was filed, *res judicata* did not apply. This claim was remanded to the district court.

The Federal Circuit also concluded that the terms of the 2006 settlement agreement did not bar Aspex from suing Marchon over the new design, regardless of whether they were made or sold before the effective date of the settlement agreement. The general rule is that the products at issue in a patent suit are those that exist at the time the complaint is filed. Because there

was not an express agreement that the new design was included in the dismissal stipulation, the general rule applied and claims against the new design were not barred.

Patents / Claim Construction

Reversal of Summary Judgment of Non-Infringement Rests on Construction of a Single Term not Found in Claims

by Heather Morehouse Ettinger, Ph.D.

Disagreeing with the district court's construction of a word appearing in the court's construction of a claim term, but not present in the patent's claims, the U.S. Court of Appeals for the Federal Circuit reversed and remanded the district court's grant of summary judgment of non-infringement. *Advanced Fiber Technologies (AFT) Trust v. J&L Fiber Services, Inc.*, Case No. 11-1243 (Fed. Cir., Apr. 3, 2012) (Lourie, J.) (Dyk, J. dissenting). Specifically, the Federal Circuit found the district court's reliance on extrinsic evidence that contradicted the specification of the patent to be erroneous and therefore remanded the case for a determination of infringement, based on the Federal Circuit's construction.

AFT sued J&L Fiber Services for willful infringement of its patent directed to pulp and paper screening devices and methods of using these devices. The district court construed the claim terms "screening medium" and "screening plate" to include the non-claim term "perforated." A principal focus for the Federal Circuit was whether the definition of a "perforated barrier" was limited to a something "pierced or punctured with holes" or could include a wedgewire screen. A wedgewire screen, a structure included in the accused J&L product, is made by assembling closely spaced parallel wires, not by piercing or puncturing.

The Federal Circuit disagreed with the district court that a "perforated barrier" did not include wedgewire screens, pointing to the fact that wedgewire screens, although not claimed, were expressly included as an embodiment in the specification. Specifically, the Federal Circuit found fault with the district court's dismissal of the wedgewire embodiment set forth in the specification simply because it was just one sentence, pointing to the maxim that brevity in a patent disclosure should generally be applauded. Furthermore, the Federal Circuit found the district court's reliance on extrinsic evidence to exclude wedgewire screens from the claim scope to be erroneous.

As for the district court summary judgment dismissal of AFT's claim of willful infringement, the Federal Circuit noted significant doubt as to the patent's validity given J&L's compelling non-infringement and invalidity arguments, a compelling prior art rejection made during the prosecution of the reissue, and the fact that the meaning of some key claim terms in the original patent only became clear via AFT's arguments during reissue prosecution. The Court therefore affirmed the district court dismissal of the willfulness claim.

In dissent, Judge Dyk while agreeing with the majority on the issue of willfulness, disagreed with its construction of "perforated" and therefore its decision to set aside the judgment on non-infringement. In Dyk's view, arguments made by AFT during the prosecution of the reissue regarding the definition of perforated plate is intrinsic evidence, that considered with the language of the claims themselves, required exclusion of wedgewire screens from the proper claim scope.

Patents / Government Immunity

Government Contractor Is Immune from Individual Liability for Alleged Patent Infringement

by Kenneth L. Cage

An *en banc* U.S. Court of Appeals for the Federal Circuit reversed a U.S. Court of Federal Claims decision that allowed a patent holder's patent infringement claim against a government contractor under 35 U.S.C. § 271(g), holding that 28 U.S.C. § 1498(a) protects contractors from infringement suits arising from work they perform for the government. *Zoltek Corporation v. United States et al.*, Case No. 09-5135; -5100, (Fed. Cir., Mar. 14, 2012) (Gajarsa, J.). The Federal Circuit *sua sponte* voted to take the case *en banc* for the limited purpose of vacating its earlier *Zoltek* decision and held that the trial court (Court of Federal Claims) had erred as a matter of law in authorizing the amendment of Zoltek's claim against Lockheed and transfer of the case to a federal district court.

Zoltek patented a method for manufacturing a carbon sheet product that is used by the United States in making the low-radar-signature F22 fighter plane designed and built by Lockheed Martin. The carbon fibers and carbon fiber mats and sheets were manufactured in Japan and were provided to Lockheed's subcontractors for use in the F22 fighter plane. Zoltek alleged that the mats and sheets were made for the United States using the claimed processes.

In 2006 the Federal Circuit affirmed a decision of the Federal Claims Court that the United States could not be sued under § 1498 because all method steps in making the carbon-fiber mats and sheets were not performed in the United States, basing government liability under § 271(a). In so doing, the Court relied on § 1498(c), which states "The provisions of this section shall not apply to any claim arising in a foreign country." In its 2006 decision, the Court also reversed the judgment of the Federal

Claims Court that the patent owner could allege patent infringement as Fifth Amendment taking under the Tucker Act, 28 U.S.C. § 1491. (See *Zoltek Corporation v. United States*, *IP Update*, Vol. 9, No. 4.) The Federal Circuit denied a petition for rehearing *en banc* on its holding that the U.S. Court of Federal Claims lacks jurisdiction of a takings claim for just compensation for unauthorized use by the government under the Tucker Act. (See *IP Update*, Vol. 9, No. 10.)

In Zoltek's continuing saga of seeking compensation for the alleged infringement of its patent, the Federal Circuit now concluded (*en banc*) that the issue was whether the Court of Federal Claims properly allowed Zoltek to amend its complaint and transfer its claim for infringement under § 271(g) against Lockheed and remove the case to a United States district court under 28 U.S.C. § 1631. On the facts of this case, the Court held that the amendment and transfer were legal error occasioned in part by the Federal Circuit's earlier decision.

In its new decision, the Court focused on § 1498(a), which states as follows:

Whenever an invention described in and covered by a patent of the United States is used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same, the owner's remedy shall be by action against the United States in the United States Court of Federal Claims for the recovery of his reasonable and entire compensation for such use and manufacture.

According to the Court, the earlier panel decision, limiting § 1498 to infringement under § 271(a), is inconsistent with the plain meaning of the statute and vitiates a Congressional scheme that spreads across three titles of the United States Code.

According to the Court, the panel's error created the possibility the U.S. government procurement of important military material could be interrupted via infringement actions against contractors, the exact result that the enactment of § 1498 was meant to avoid. The Court held that § 1498(a) "is more than a waiver of immunity and effects an assumption of liability by the government." Thus, the Court concluded that the earlier *per curiam* interpretation of § 1498(a) was rooted in a fundamental misreading of the statute. By limiting § 1498(a) to activities within the United States, the earlier court had rendered § 1498(c) superfluous.

Practice Note: Under the Federal Circuit's ruling, § 1498 provides a comprehensive scheme, independent and apart from § 271, to protect contractors, inventors and the United States. The proper forum for all such cases is the U.S. Court of Federal Claims.

Patents / Discovery

Eastern District of Texas Unveils E-Discovery Model to Curb Abuse

by Brock Wilson

Recognizing e-discovery in patent litigations carries "staggering time and production costs that have a debilitating effect on litigation," in September of 2011, the U.S. Court of Appeals for the Federal Circuit adopted the Model Order Limiting E-Discovery in Patent Cases (the "model order")—which places limits on the number of custodians and search terms that can be used for electronically stored information (ESI) discovery—and invited district courts to use the model order as a starting point for "streamlining e-discovery, particularly email production." Last month (Mar. 2012), the U.S. District Court for the Eastern District of Texas (E.D. Tex.) accepted the Federal Circuit's invitation and adopted its own e-discovery order.

The E.D. Tex. order uses the Federal Circuit's model order as its baseline, but contains several modifications which appear to be aimed at harmonizing the E.D. Tex. order with the district's liberal, mandatory discovery policies, including modifications that broaden provisions regarding the identification and number of search terms and custodians. The E.D. Tex. order also explicitly exempts production of certain information, where the information does not exist in the normal course of business or is not generated for the litigation and sets forth a particular format for ESI discovery. Several of these modifications and additions are summarized in the table below:

| Provision | Federal Circuit Model Order | Eastern District of Texas |
|---------------------------|---|--|
| modification of the order | for good cause | in the court's discretion or by agreement of the parties |
| scope of e-mail requests | limited to specific issues, rather than general | <i>provision stricken</i> |

| | | |
|--|---|---|
| | discovery of a product or business | |
| number of identified custodians | no number specified | specific identification of 15 most significant e-mail custodians |
| identification of e-mail custodians, search terms and time frame | parties shall cooperate to identify | parties shall cooperate to identify and requesting party may propound up to five written discovery requests and take one deposition per producing party |
| " timing of e-mail production | after exchange of initial disclosures and basic documentation about the patents, the prior art, the accused instrumentalities and relevant finances | after exchange of initial disclosures, listing of e-mail custodians, infringement contentions, invalidity contentions and preliminary information on damages |
| e-mail custodians | e-mail production limited to five custodians | e-mail production limited to <i>eight</i> custodians |
| e-mail search terms | e-mail production limited to five search terms | e-mail production limited to <i>ten</i> search terms |
| costs for additional requests for production | requesting party bears costs for production from additional custodians | <i>provision stricken</i> —E.D. Tex. comments state that the limits of eight custodians and ten search terms should operate as "hard limits" |
| cost shifting | disproportionate ESI production requests or dilatory tactics shift costs | <i>provision stricken</i> —E.D. Tex. comments state this provision is an unnecessary restatement of Fed. R. Civ. P. 26(c) |
| inadvertent disclosure of privileged ESI discovery | shall not be used to challenge attorney-client privilege or work product protection | <i>provision stricken</i> —E.D. Tex. comments states removal intended to avoid conflicts with Fed. R. Evid. 502, Fed. R. Civ. P. 26(b)(5)(B) and common protective order provisions |
| production format | no corresponding provision | TIFF format with load file, indicating unitization and location of TIFF files |
| text searchable documents | no corresponding provision | no obligation to produce text |

| | | |
|------------------------------|----------------------------|---|
| | | searchable documents unless the documents already exist in text searchable form or are made text searchable in the course of the litigation |
| native files | no corresponding provision | shall be produced upon reasonable request |
| backups | no corresponding provision | no need to restore any form of media upon which backup data is maintained |
| voicemail and mobile devices | no corresponding provision | voicemails, PDAs and mobile phones are deemed not reasonably accessible and need not be collected and preserved |

Ultimately, the E.D. Tex. order favors parties propounding ESI discovery (as compared to the Federal Circuit model order). Specifically, modifications such as increasing the number of custodians and search terms; explicitly including written discovery requests and a deposition to determine custodians, search terms and time frames; removing the provision requiring ESI requests not to be generally directed to a product or business; and removing the provision that inadvertent disclosure cannot be used to challenge the protection or privilege of that disclosure; among others, appear to favor the propounding party. On the other hand, the E.D. Tex. order endeavors to curtail imposing additional burdens on the producing party by limiting information produced to that which exists in the normal course of business. Moreover, the E.D. Tex. did not adopt the order as a local rule, but included it only as an appendix to the local rules which, as stated by the court, "allows maximum flexibility for both litigants and the court as attempts are made to tailor e-discovery planning to differing facts, case to case." E.D. Tex. judges, and the agreeing parties, thus have some discretion to tailor the e-discovery order to the facts of a case, and early familiarity with the particular discovery landscape of a case can allow for requests for modifications, if needed.

Patents / USPTO Procedures

USPTO Issues Examination Guidelines in View of the *Prometheus* Decision and Pilot After Final Program

by Bernard P. Codd

Prometheus

The United States Patent and Trademark Office (USPTO) issued preliminary guidelines to examiners in the wake of the recent Supreme Court decision in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.* According to the preliminary guidelines, applications should be examined for compliance with 35 U.S.C. § 101 using the existing *Interim Bilski Guidance* issued July 27, 2010 (see *IP Update, Vol. 13, No. 8*), factoring in the additional considerations below.

To be patent-eligible, a claim that includes an exception to patent eligibility (e.g., law of nature, natural phenomenon or abstract idea) must also recite other elements so that the claimed product or process will amount to significantly more than the ineligible law of nature, natural phenomenon or abstract idea. Under the *Prometheus* decision, the threshold of "significantly more" is not met by recitation of conventional steps. According to the new USPTO guidelines, if a claim is directed to one of the above exceptions *and* does not meet the *Prometheus* eligibility requirements, the examiner should reject the claim under § 101 as being directed to non-statutory subject matter. If a claim is rejected under § 101 on the basis that it is drawn to an exception, the applicant will have an opportunity to explain why the claim is not drawn solely to the exception.

The USPTO is continuing to develop further detailed guidance on patent subject-matter eligibility.

"After Final" Pilot Program

The USPTO "After Final" Pilot Program recently instituted a pilot program for examination protocols after final responses. The duration of the pilot program is limited to the third quarter of the current fiscal year (March to June) but may be extended. Under the After Final Consideration Pilot, examiners should review responses under 37 C.F.R. § 1.116(b) and, using their professional judgment, decide whether the nature and extent of the amendments or arguments presented can be fully considered within the limited amount of time authorized by the pilot program. If not, examiners should treat the response according to current practice. An examiner's participation in the pilot program is optional.

In accordance with the pilot guidelines (subject to limitations) if an examiner determines a response can be fully considered within three hours for plant and utility applications or one hour for design applications, the examiner will be entitled to take that amount of (non-examining) time regardless of whether the consideration of the amendment ultimately results in allowance of the application.

Under the pilot program guidelines, a response after final rejection should be entered after a complete review in the following situations:

1. The amendment places the application in condition for allowance by canceling claims or complying with formal requirement(s) in response to objection(s) in the final office action.
2. The amendment places the application in condition for allowance by rewriting objected-to claims in independent form.
3. The amendment places the application in condition for allowance by incorporating limitations from objected-to claims into independent claims, if the new claim can be determined to be allowable with only a limited amount of further consideration or search.
4. The amendment can be determined to place the application in condition for allowance with only a limited amount of further search or consideration.
5. The amendment can be determined to place the application in condition for allowance by adding new limitation(s) which require only a limited amount of further consideration or search.
6. The response comprises a perfected 37 C.F.R. § 1.131 or 37 C.F.R. § 1.132 affidavit or declaration (*i.e.*, a new declaration that corrects formal defects noted in a prior affidavit or declaration) which can be determined to place the application in condition for allowance with only a limited amount of further search or consideration.

In situations 1 and 2, no extra (non-examination) time is authorized since such amendments would, according to current practice, normally be entered. In those instances in which an interview is conducted as a result of consideration of an after final response, additional time is authorized by the pilot program: up to two hours for plant and utility applications with an additional one hour for the actual interview.

Trademarks / Laches

Laches Period Begins from Knowledge of Confusing Use, Not Mere Knowledge of Use

by Rita J. Yoon

Reviewing a defendant's laches defense to a trademark infringement claim, the U.S. Court of Appeals for the Fourth Circuit held that a district court applied the wrong legal standard in determining when the defense was triggered, incorrectly measuring the laches period from the date plaintiff first knew of defendants' use of a similar mark, instead of when a likelihood of confusion arose between the parties' marks. *Ray Communications Inc. v. Clear Channel Communications Inc.*, Case No. 11-1050 (4th Circuit, Mar. 8, 2012) (Davis, J.).

Ray Communications sued Clear Channel Communications and other defendants for alleged infringement of its federally registered AGRINET service mark and for unfair competition under the Lanham Act. The defendants asserted the affirmative defenses of laches, acquiescence and abandonment, alleging that the plaintiff knew of the defendants' allegedly infringing use since the 1970s, but unreasonably delayed in bringing suit for more than 30 years.

The plaintiff countered that while it knew of the defendants' use of the AGRINET mark since the 1970s, such use was limited to a separate geographic region and was licensed by the plaintiff at that time. Thus, Ray Communications argued, there was no likelihood of confusion 30 years ago. The district court granted summary judgment to defendants, concluding that Ray Communications' knowledge of the defendants' use of the AGRINET mark since the 1970s was sufficient to trigger the laches period. The plaintiff appealed.

The 4th Circuit vacated the district court's grant of summary judgment and remanded, holding that the district court applied the wrong legal standard and failed to conduct a fact-intensive inquiry about when a likelihood of confusion arose. In determining whether the laches defense bars a trademark infringement claim, courts consider three factors: whether the owner of the mark knew of the infringing use; whether the owner's delay in challenging the infringement of the mark was inexcusable or

unreasonable; and whether the infringing user has been unduly prejudiced by the owner's delay. Further, delay is measured from the time the owner knew of an infringing use, and legal action is not required until there is a real likelihood of confusion.

The 4th Circuit held that the district court erred by measuring the laches period from the time the plaintiff first knew of defendants' use of the AGRINET mark in the 1970s, when the plaintiff and defendants' use of their marks was geographically separate and thus unlikely to cause confusion. "Although a senior federal registrant has superior priority which extends nationwide," the court explained, "there is no likelihood of confusion for a court to enjoin unless and until the senior user shows a likelihood of entry into the junior user's territory." As the movant for summary judgment on laches, the court found that defendants were "charged with presenting evidence demonstrating that at some identifiable point in time a likelihood of confusion existed and that RCI unreasonably delayed thereafter in taking responsive legal action."

For the third prong (prejudice arising from Ray Communications' delay), the 4th Circuit found the record below contained no legally cognizable evidence of prejudice. Other than the length of time the defendants' used the mark, the defendants did not adduce any evidence of economic prejudice, such as loss of revenue from ceasing use of their mark. In remanding, the 4th Circuit also instructed the district court to address whether the laches defense bars the plaintiff's right to pursue injunctive relief, which the district court failed to address on summary judgment.

Trademarks / Remedies

Caution Canal Street Counterfeiters—Plaintiffs May Recover Attorneys' Fees in Addition to Statutory Damages

by Rita Weeks

Considering for the first time whether a trademark owner who elects to recover statutory damages for a defendant's counterfeiting rather than actual damages and defendant's profits is precluded from also recovering attorneys' fees, the U.S. Court of Appeals for the Second Circuit held that a trademark owner may recover both, upholding an award of \$3 million in statutory damages and well over half a million dollars in attorneys' fees and costs. *Louis Vuitton Malletier S.A. v. LY USA Inc.*, et al., Case No. 08-4483 (2d Cir., Mar. 29, 2012) (Sack, J.).

French fashion house Louis Vuitton sued defendants for trademark counterfeiting, trademark infringement and false designation of origin under the federal Lanham Act. Louis Vuitton alleged that the defendants were engaged in a large-scale counterfeiting operation distributing tens of thousands of handbags and related goods bearing at least five counterfeits of the plaintiff's Louis Vuitton trademarks. The defendants were uncooperative during discovery. More than a year after Louis Vuitton filed the lawsuit, defendants were arrested in a parallel proceeding for criminal counterfeiting, and requested a stay of the civil lawsuit. The defendants alleged that they could not conduct meaningful discovery because law enforcement had removed computers, documents, merchandise and other significant items from defendants when executing a search warrant for the criminal case. Louis Vuitton argued that the defendants were using the criminal case inappropriately as a shield against the civil case. In denying the defendants' requested stay, the court noted that the case had been pending for over a year, considerable discovery had been conducted and Louis Vuitton needed prompt redress.

Louis Vuitton noticed the depositions of individual defendants and FRCP 30(b)(6) depositions for the corporate defendants. First, the individual defendants refused to appear based on their Fifth Amendment right against self-incrimination. After the court granted Louis Vuitton's motion to compel those depositions, those defendants appeared for their depositions but asserted their Fifth Amendment privileges and refused to answer almost every question. The corporate defendants refused to produce witnesses to testify at the Rule 30(b)(6) depositions.

After full briefing and oral argument, the district court granted summary judgment to Louis Vuitton on its trademark counterfeiting and infringement claims. The court also granted a permanent injunction barring defendants from any use of Louis Vuitton's marks. The court did not explicitly draw an adverse inference from the individual defendants' invocation of the Fifth Amendment, but did draw an adverse inference from the corporate defendants' refusal to produce FRCP 30(b)(6) witnesses. The district court awarded Louis Vuitton \$3 million in statutory damages and approximately \$560,000 in attorneys' fees and costs. The defendants appealed.

On appeal, the defendants argued that the district court abused its discretion in refusing to stay the civil case pending the outcome of the parallel criminal case. The 2d Circuit disagreed. The court explained that staying a civil case to permit conclusion of a related criminal prosecution is "an extraordinary remedy" and that "[a] defendant has no absolute right not to be forced to choose between testifying in a civil matter and asserting his Fifth Amendment privilege." While noting that a few of the relevant factors would have supported a stay, the 2d Circuit found that the defendants had not demonstrated that they were deprived of their constitutional rights or otherwise suffered grave and unnecessarily prejudice as to reverse the district court. The court specifically noted that the defendants had shown a pattern of dilatory tactics developed over a year prior to the criminal indictments. The court also noted that despite the district court's indication that it was open to hearing alternatives to a stay, the defendants never sought the court's help to obtain alternative forms of relief such as protective orders, quashing or modifying subpoenas or sealing confidential material.

The defendants also argued that the district court erred in awarding Louis Vuitton both statutory damages and attorneys' fees. The Lanham Act permits a plaintiff in a trademark counterfeiting case to recover either actual damages pursuant to § 1117(a) (defendant's profits, plaintiff's damages and costs of the action) or statutory damages pursuant to § 1117(c) (ranging from \$1,000 to \$200,000 per mark, or up to \$2,000,000 per mark for willful counterfeiting). The defendants argued that a plaintiff that opts to recover statutory damages under § 1117(c) waives its right to recover attorneys' fees under § 1117(a). After considering the statutory text and legislative history, the 2d Circuit concluded that defendants' interpretation could not stand because it would frustrate the purpose of the statute and reward defendants for not maintaining or producing sales records to avoid paying a plaintiff's attorneys' fees. Therefore, the 2d Circuit held that "an award of attorney's fees is available under § 1117(a) in 'exceptional' cases even for those plaintiffs who opt to receive statutory damages under § 1117(c)."

To read the second part of this article please click on the 'Next Page' link below.

The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.

This article is part of a series: Click [U.S. Chamber of Commerce Denied Registration of "National Chamber" Mark](#) (IP Update, Vol. 15, No. 4, April 2012 - Part 2) for the next article.

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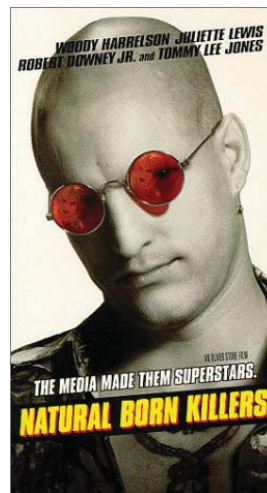
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Paying Attorney Fees on Appeal

🕒 June 29, 2017 👤 Dennis Crouch

When the PTO refuses to issue a patent, the applicant can appeal directly to the Court of Appeals for the Federal Circuit or instead file a civil action under 35 U.S.C. 145. The Section 145 action gives the applicant the opportunity to further develop facts, including live expert testimony and cross-examination.

An oddity of the statute is its statement that “all the expenses of the proceedings shall be paid by the applicant.” In its 2010 *Hyatt* decision, the Federal Circuit ruled that the expenses are to be paid by the applicant “regardless of the outcome.” In the new decision *NantKwest v. Matal*, the Federal Circuit has ruled that the provision includes attorney fees and thus allows the USPTO to recoup its expert witness fees, attorney fees and other expenses without any showing of exceptional case or even any merits.



[*NantKwest v. USPTO*]

Here, the majority opinion filed by Judge Prost and Joined by Judge Dyk found that the term “all expenses” was designed to “deter applicants” from choosing the civil action pathway. The dissent filed by Judge Stoll (her first in a patent case?) argues that the term “expenses” is not sufficient to overcome the traditional american rule regarding attorney fees.

The lucky-thing here is that USPTO attorneys are paid government salaries and so the attorney fees added up to *only* \$78k before the district court granted summary judgment against NantKwest.

The patent application in this case is based upon a 2001 filing by Hans Klingemann directed to a method of treating cancer by administering natural killer cells. Those Natural Born Killers will now be released on the public without the protections offered by the patent system.

About Dennis Crouch

Law Professor at the University of Missouri School of Law. [View all posts by Dennis Crouch](#) →

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Special circumstances justify USPTO release of confidential information about pending patent applications

McDermott Will & Emery

USA | September 30 2015

Hyatt v. Lee

The U.S. Patent and Trademark Office (USPTO) can release confidential information about pending patent applications under special circumstances the U.S. Court of Appeals for the Federal Circuit decided. *Hyatt v. Lee*, Case No. 14-1596 (Fed. Cir., Aug. 20, 2015) (Moore, J.).

Gilbert Hyatt is a named inventor on nearly 400 pending patent applications filed before June 9, 1995. Hyatt's pending applications have extremely large claim sets, averaging 119 independent claims and 299 total claims. It is estimated that Hyatt currently has about 45,000 independent claims and 115,000 total claims pending, all of which spring from 12 distinct invention disclosures.

In August 2013, the USPTO began to issue to Hyatt formal Office Actions, termed "Requirements." Each Requirement required Hyatt to select a number of claims for prosecution, not to exceed 600 from a given patent family, absent a showing that more claims are necessary; identify the earliest applicable priority date and supporting disclosure for each selected claim; and present a copy of the selected claims to the USPTO. The Requirement is entered into the prosecution history of each application and includes information about related applications, including prosecution history and the full text of claims in related applications. In the ordinary course of business, applications having a filing date prior to November 9, 2000 are confidential until they issue. Once issued however, the entire prosecution history is open to the public. Thus, once an application with a Requirement is issued, confidential information about related pending applications included in the Requirement will also be available to the public.

Hyatt petitioned the USPTO to expunge confidential information in the prosecution history. 35 U.S.C. § 122(a) requires the USPTO to keep applications confidential unless "necessary to carry out provisions of an act of Congress or in such special circumstances as may be determined by the Director." The director denied Hyatt's petitions, deciding that circumstances surrounding these applications, including the number of related applications, the number of claims and the number of applications to which priority is claimed qualified as special circumstances.

Hyatt appealed to the district court under the Administrative Procedure Act (APA) and the district court granted the USPTO summary judgment, dismissing Hyatt's complaint had observing that there was no judicially mandated standard of review and alternatively that § 122 did not prohibit the disclosure of confidential information in the Requirements because they were necessary for the examination of these applications and the extraordinary nature of Hyatt's applications constituted special circumstances. Hyatt appealed.

On appeal, the Federal Circuit determined that the exceptions to confidentiality as provided for in § 122 were narrow and reviewable. The Federal Circuit explained that in order to avoid the secrecy requirements of § 122, the USPTO must not only determine that special circumstances exist, but also that the special circumstances justify the specific content to be disclosed. In this instance, noting the large number of claims that Hyatt had pending, which would have a term of 17 years from date of issue, and that the complex and overlapping priority relationships between the applications, the Court determined that the circumstances were not just special, but unique. Further, the Court found that the director did not abuse her discretion in Hyatt's cases, and that the determination of special circumstances was narrow and not likely to affect other cases. Moreover, because of the extraordinary number and duplicative nature of the various applications, the Court found the rules justify the Requirements. 37 C.F.R. § 1.75(b) provides that, in a patent application "[m]ore than one claim may be presented provided they differ substantially from each other and not unduly multiplied." Thus, the Requirements were necessary to ensure that Hyatt's applications were in compliance with the rule.

Practice Note: The impact of this holding is very limited, as the number applicants prosecuting pending patent applications having a 17-year term from issue is dwindling, and no other applicants have been nearly as prodigious as Mr. Hyatt in filing claims that will have a term of 17 years upon issue.

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Pre-GATT Applications

🕒 September 15, 2016 📍 USPTO Director 👤 Dennis Crouch

One small aspect of Director Michelle Lee's testimony to congress was that the number of pending pre-GATT applications still pending has been reduced to only 20 – not counting those owned by Gill Hyatt. (She did not mention Hyatt by name, but it was clear who she was talking about.) The PTO has 14 full time patent examiners going after these remaining applications that were all filed prior to June 7, 1995.

These pre-GATT applications are important because they retain the 17-year-from-issuance term. An example is Patent No. 9,376,478 that was recently issued to the Japanese Foundation for Cancer Research and broadly claims: "2. Recombinant Human fibroblast β_1 Interferon." The application was filed June 5, 1995 and looks to be enforceable until 2033. (This particular case was delayed by an interference proceeding).

Gilbert Hyatt apparently continues to have a substantial number of pre-GATT applications pending and is fighting multiple lawsuits against the Government regarding the applications.

According to his own court filings, Hyatt has more than 400 pending applications, most of which have been pending for over twenty years and more than a dozen pending for more than 35 years.

In *Hyatt v. OMB*, Civ No. 16-1944 (D.Nevada, Filed August 16, 2016), Hyatt explains that he "has experienced first-hand the unnecessary, duplicative, and overly burdensome information collection demands that the PTO imposes on individuals seeking patents." The lawsuit asks for an order that the OMB consider Rules 111, 115, and 116 (37 C.F.R. Sections 1.111, 1.115, and 1.116) and hold them subject to the requirements of the Paperwork Reduction Act.

In *Hyatt v. USPTO*, Civ. No. 16-1490 (D.Nevada, Filed June 22, 2016), Hyatt asks for injunctive relief to stop the PTO from repeatedly 'reopening prosecution' in his cases and consequently shielding the cases from judicial review by either the PTAB or Article III courts. Hyatt is experiencing the common reality of examiners reopening prosecution once an appeal brief is filed.

Background:

- [Federal Circuit Gives PTO "OK" to Treat Hyatt as a Special Case](#)
- [Hyatt on Patently-O](#)

About Dennis Crouch

Law Professor at the University of Missouri School of Law. [View all posts by Dennis Crouch](#) →

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United States: Special Circumstances Justify USPTO Release Of Confidential Information About Pending Patent Applications

Last Updated: October 12 2015

Article by [Bernard P. Codd](#)

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Hyatt v. Lee

The U.S. Patent and Trademark Office (USPTO) can release confidential information about pending patent applications under special circumstances the U.S. Court of Appeals for the Federal Circuit decided. *Hyatt v. Lee*, Case No. 14-1596 (Fed. Cir., Aug. 20, 2015) (Moore, J.).

Gilbert Hyatt is a named inventor on nearly 400 pending patent applications filed before June 9, 1995. Hyatt's pending applications have extremely large claim sets, averaging 119 independent claims and 299 total claims. It is estimated that Hyatt currently has about 45,000 independent claims and 115,000 total claims pending, all of which spring from 12 distinct invention disclosures.

In August 2013, the USPTO began to issue to Hyatt formal Office Actions, termed "Requirements." Each Requirement required Hyatt to select a number of claims for prosecution, not to exceed 600 from a given patent family, absent a showing that more claims are necessary; identify the earliest applicable priority date and supporting disclosure for each selected claim; and present a copy of the selected claims to the USPTO. The Requirement is entered into the prosecution history of each application and includes information about related applications, including prosecution history and the full text of claims in related applications. In the ordinary course of business, applications having a filing date prior to November 9, 2000 are confidential until they issue. Once issued however, the entire prosecution history is open to the public. Thus, once an application with a Requirement is issued, confidential information about related pending applications included in the Requirement will also be available to the public.

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[Special Circumstances Justify USPTO Release Of Confidential Information About Pending Patent Applications](#)

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United States: Supreme Court Affirms Patent Applicants' Freedom To Introduce New Evidence In District Court Actions Under 35 U.S.C. § 145

Last Updated: April 20 2012

Article by [Christina Jordan McCullough](#) and [Dan L. Bagatell](#)
Perkins Coie LLP



Patent applicants who are dissatisfied with a rejection by the Board of Patent Appeals and Interferences have two options for review. They can appeal directly to the Federal Circuit, which will review the Board's decision on the record before the U.S. Patent and Trademark Office. Alternatively, 35 U.S.C. § 145 provides that an applicant may "have remedy by civil action against the Director" of the Patent Office in the United States District Court for the District of Columbia. The primary issue in *Kappos v. Hyatt* was what limitations, if any, exist on an applicant's right to submit new evidence that was not before the Patent Office in such a district court action.

Today, the United States Supreme Court held that there are no limitations on new evidence in a section 145 action beyond those already present in the Federal Rules of Evidence and the Federal Rules of Civil Procedure. The Court also held that if an applicant submits new evidence in a section 145 action, the district court must make de novo factual findings that take into account the new evidence as well as the administrative record before the Patent Office. The Court noted, however, that the district court may consider whether the new evidence could have been presented to the Patent Office when deciding what weight to give it.

Factual and Procedural Background

This case involved a 1995 patent application submitted by Gilbert Hyatt. Hyatt's application included a 238-page specification and 40 pages of figures. During prosecution, he amended the application to recite a total of 117 claims. The examiner issued a final office action rejecting all claims on various grounds, including lack of written description as required by 35 U.S.C. § 112, ¶ 1. Hyatt appealed to the Board, which affirmed the written description rejections for 79 of the claims.

Hyatt then filed a civil action against the Director of the Patent Office under 35 U.S.C. § 145. The Director moved for summary judgment of invalidity, arguing that the pending claims were invalid for failure to comply with the written description requirement. Hyatt opposed the motion. In support of his opposition, Hyatt submitted an extensive declaration identifying portions of the specification that allegedly described the limitations at issue. The district court found that Hyatt had acted negligently by failing to submit his declaration to the Patent Office, excluded Hyatt's newly submitted evidence, and granted the Director's motion for summary judgment.

Hyatt appealed, and a divided panel of the Federal Circuit initially affirmed. The majority stated that it was the "general practice" in section 145 actions to exclude evidence if a party could have presented it to the Patent Office, but did not. The majority also concluded that the Administrative Procedure Act ("APA"), which generally limits the judicial review of an agency action to the records before the agency, imposed restrictions on the admissibility of new evidence in a section 145 action. The majority found that Hyatt had acted "willfully" when he failed to present the declaration to the Patent Office and held that the district court did not abuse its discretion in excluding the declaration. The dissenting judge disagreed, arguing that the plain language of section 145, its legislative history, and applicable Supreme Court precedent all indicated that an applicant's right to submit new evidence in a section 145 action is limited only by the Federal Rules of Evidence and Civil Procedure.

The Federal Circuit granted Hyatt's petition for rehearing en banc and, by a 7-2 vote on most issues, largely adopted the view of the panel dissent. The majority noted that the plain language of section 145 expressly distinguished its "civil action" from an appeal (which would be limited to the record before the Patent Office) and imposed no unique limitations on the admissibility of evidence. The majority also analyzed the lengthy legislative history of section 145 and concluded that Congress had intended

to create an alternative to an on-the-record appeal, under which applicants were free to submit new evidence that they could have submitted, but did not submit, to the Patent Office. The majority further determined that various Supreme Court cases addressing issues related to section 145 had recognized that "all competent evidence that the parties chose to introduce" was admissible in section 145 actions.

The en banc court thus held that the only limitations on the admissibility of evidence in a section 145 proceeding are the limitations imposed by the Federal Rules of Evidence and Civil Procedure. In particular, the court held that the APA imposed no limits on an applicant's right to introduce new evidence in a section 145 action. Rather, the significance of the APA related to the standard of review to be applied to the Board's decision: when an applicant chose not to introduce new evidence in a section 145 action, the district court's review would necessarily be limited to the Patent Office record and subject to the deferential court-agency standard of review. Because the district court had applied the wrong legal standard, the court held that it abused its discretion in excluding Hyatt's declaration.

The two dissenting judges asserted that the ruling of the en banc court conflicted with APA principles restricting the review of agency action to the agency record and that explicit statutory language was required to depart from such principles. The dissent also contended that the court's approach denigrated the Patent Office's expertise in evaluating claim validity, positing that non-expert district courts could now be persuaded to accept evidence that the Patent Office would have rejected. The dissent argued that new evidence in a section 145 action should be limited to evidence that could not have been presented to the Patent Office in the first instance.

The Supreme Court's Decision

The U.S. Supreme Court granted the government's petition for certiorari, and today a unanimous court affirmed the judgment of the Federal Circuit. In an opinion authored by Justice Thomas, the Court held that the admissibility of new evidence in a section 145 action is limited only by the Federal Rules of Evidence and Federal Rules of Civil Procedure. The Court also held that if new evidence is presented, the district court must make de novo factual findings based on the new evidence together with the record before the Patent Office. Justice Sotomayor, joined by Justice Breyer, concurred in Justice Thomas's opinion for the Court, but wrote separately to emphasize their view that the Court's opinion does not limit a district court's equitable authority to exclude evidence if it was improperly withheld from the Patent Office.

The Court began by considering the Director's argument that section 145 must be interpreted in light of the administrative law principles codified in the APA. Specifically, the Director contended that new evidence should be admissible in a section 145 action only if the applicant could not reasonably have presented the evidence to the Patent Office in the first instance. The Director also argued that the district court in a section 145 action should defer to the Patent Office's factual findings and should overturn such factual findings only if new evidence clearly establishes that the Patent Office erred.

The Court rejected both arguments. Looking first to the text of section 145, the Court concluded that the statutory language imposes no unique evidentiary limits or heightened standard of review for Patent Office factual findings. Next, the Court held that the principles of administrative exhaustion do not apply to section 145 actions; the primary rationale underlying such principles (to avoid interruption of the administrative process) does not apply to section 145 actions because the process before the Patent Office has been completed before such an action can be initiated. The Court also observed that whereas the typical review of an agency decision is limited to the agency record, it was undisputed that new evidence could be considered in a section 145 action. It made little sense for the district court to defer to Patent Office factual findings that might be contradicted by this new evidence. The Court thus rejected the Director's arguments that administrative law principles are relevant to actions brought under section 145.

To determine what standards should apply to section 145 actions, the Court looked to the evidentiary and procedural rules in effect when Congress enacted the statute. The Court observed that section 145 and its predecessor had consistently given patent applicants an alternative remedy to an on-the-record appeal. In particular, the Court noted that its prior jurisprudence, particularly the early case of *Butterworth v. United States ex rel. Hoe*, 112 U.S. 50 (1884), instructed that actions under section 145's predecessor statute should be conducted "according to the ordinary course of equity practice and procedure."

Butterworth also specified that such actions should be "prepared and heard upon all competent evidence adduced, and upon the whole merits." Following *Butterworth*, the Court held that a district court conducting a section 145 proceeding may consider "all competent evidence adduced," not merely evidence that could not have been presented to the Patent Office. The Court thus agreed with the Federal Circuit that applicants should be free to introduce new evidence in section 145 proceedings, subject only to the rules applicable to all civil actions—the Federal Rules of Evidence and Civil Procedure.

The Court further held that when new evidence is presented in a section 145 action, the district court must make de novo factual findings based on the new evidence together with all of the evidence that was before the Patent Office. Citing its opinion

in *Dickinson v. Zurko*, 527 U.S. 150 (1999), the Court recognized that a district court acts as a factfinder when new evidence is introduced in a section 145 action; indeed, because the district court is the first tribunal to consider such new evidence, that court is necessarily responsible for making factual findings regarding that evidence. Looking again to *Butterworth*, the Court also observed that a de novo standard of review would be consistent with the instruction that section 145 actions are to be heard "upon the whole merits" and conducted "according to the ordinary course of equity practice and procedure." The Court noted that a district court may consider the Patent Office record in deciding what weight to afford an applicant's newly admitted evidence, but that determination is separate and distinct from the issue of admissibility.

The Court accordingly affirmed the judgment of the Federal Circuit and remanded the case for further proceedings.

Justice Sotomayor's Concurrence

Justice Sotomayor, joined by Justice Breyer, wrote separately to emphasize the view that the Court's opinion does not affect district courts' equitable authority to exclude evidence. For example, Justice Sotomayor observed, principles of ordinary equity would ordinarily allow the district court to exclude evidence that a party had deliberately withheld from the Patent Office in bad faith. Like the majority, however, she expected such instances to be rare.

Significance of the Decision

The Supreme Court's decision confirms that section 145 provides disappointed patent applicants with a true alternative to an on-the-record appeal from the Patent Office. Upon receiving an unfavorable outcome at the Board level, an applicant can determine whether his or her odds of success will improve by gathering evidence in addition to or different from evidence that had been previously presented to the Patent Office. Nevertheless, although the Court's decision may make section 145 a more attractive option, the considerably higher cost of district court litigation makes it unlikely that the number of section 145 cases will increase dramatically. Rather, section 145 actions will most likely be limited to inventions that are particularly significant, whether due to their complexity or potential commercial value—arguably, precisely the type of invention that section 145's alternative route was designed to accommodate.

The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.

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FENWICK & WEST LLP

United States: Supreme Court Rejects Deference To PTO In "Hyatt"

Last Updated: April 25 2012

Article by [Heather N. Mewes](#), [Rajiv Patel](#) and [Enia Titova](#)

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Fenwick & West LLP



On April 18, 2012, the Supreme Court of the United States affirmed the Court of Appeals for the Federal Circuit and clarified the evidentiary rules and procedures for a 35 U.S.C. § 145 proceeding before a district court. *Kappos v. Hyatt*, 560 U.S. ____ (2012). Specifically, the Court held that a patent applicant's ability to introduce new evidence is not limited in a section 145 proceeding beyond those limitations already imposed by the Federal Rules of Evidence and Civil Procedure. Moreover, when new evidence is introduced, a district court must review that new evidence *de novo* and in doing so can take into account both the new evidence and the administrative record before the Patent and Trademark Office (PTO). Justice Thomas delivered the unanimous opinion of the Court, with Justice Sotomayor filing a concurring opinion, in which Justice Breyer joined.

If a patent applicant is dissatisfied with the decision of the Board of Patent Appeals and Interferences (BPAI), then the applicant may either appeal to the Federal Circuit, or, pursuant to section 145, file a civil action against the Director of the PTO to obtain a patent. In this case, Gilbert Hyatt filed a patent application in 1995 including 117 claims, all of which were rejected by the examiner for lack of an adequate written description. Hyatt initially appealed the examiner's decision to the BPAI, and the BPAI approved 38 claims, but denied the rest. Needless to say, Mr. Hyatt was dissatisfied.

Hyatt then filed a civil action under 35 U.S.C. § 145 against the Director of the PTO at the district court rather than an appeal under 35 U.S.C. § 141 directly to the United States Court of Appeals for the Federal Circuit. In the district court action, Hyatt filed a written declaration identifying portions of the application that he asserted were supported by the claims—evidence that was not before the PTO. The district court determined that it could not consider Hyatt's declaration because applicants are "precluded from presenting new issues, at least in the absence of some reason of justice put forward for failure to present the issue to the Patent Office." *Hyatt v. Dudas*, Civ. Action No. 03-0901 (D. D.C. Sept. 30, 2005), p. 9. Applying the deferential substantial evidence standard of the Administrative Procedures Act (APA) to the BPAI's findings, the district court then granted summary judgment in favor of the Director. Hyatt appealed to the Federal Circuit.

Initially, a divided panel affirmed the district court decision, holding that the APA imposes restrictions on the admission of new evidence in a section 145 proceeding and that the district court could not review the record "wholly *de novo*." However, after granting rehearing *en banc*, the Federal Circuit vacated the district court's grant of summary judgment. The *en banc* Federal Circuit held that applicants are "free to introduce new evidence in § 145 proceedings subject only to the rules applicable to all civil actions, the Federal Rules of Evidence and the Federal Rules of Civil Procedure" even if the applicant had no justification for failing to present the evidence to the PTO. *Hyatt v. Doll*, 625 F.3d 1320, 1331-36 (Fed. Cir. 2010) (*en banc*). Further, the Federal Circuit held that the district court must make *de novo* findings to take such evidence into account. *Id.*

The Director challenged both aspects of the Federal Circuit decision at the Supreme Court, arguing that PTO decisions were due broad deference under the APA. The Supreme Court rejected this argument, and affirmed the Federal Circuit on both grounds. The Court found that section 145 expressly contemplates the introduction of new evidence and by its terms imposes no special limits or heightened standard of review. Further, the district court in cases where new evidence is introduced serves as the factfinder, and while that court may consider whether the applicant had an opportunity to present the newly proffered evidence before the PTO, it reviews any factual issues on which the new evidence bears *de novo*.

In arriving at its decision, the Court considered two cases: *Butterworth v. United States ex rel. Hoe*, 112 U.S. 50 (1884), and *Morgan v. Daniels*, 153 U.S. 120 (1894), which both considered a previous version of section 145, Revised Statute § 4915 (R.S. 4915). In *Butterworth*, the Court held that a proceeding pursuant to R.S. 4915 was to be conducted "according to the

ordinary course of equity practice and procedure" and that the court was not confined to the record before the PTO, but could hear "all competent evidence adduced and upon the whole merits." *Butterworth*, 112 U.S., at 61. On the other hand, in *Morgan*, the Court described the R.S. 4915 proceeding as one over a question of fact that had already been "settled by a special tribunal [e]ntrusted with full power in the premises" and characterized it not as an independent civil action, but as "something in the nature of a suit to set aside a judgment." *Morgan*, 153 U.S., at 124.

After considering both cases, the Court distinguished *Morgan* on the grounds that no new evidence had been presented in that case, unlike here. Therefore, the Court chose to follow *Butterworth* and decided that "a district court conducting a § 145 proceeding may consider all competent evidence adduced, and is not limited to considering only new evidence that could not have been presented to the PTO." *Kappos*, slip. op. at 12.

Justice Sotomayor joined in the Court's opinion in full, but offered a clarification of the Court's holding, which Justice Breyer joined. Justice Sotomayor wrote that she agreed with the Court's decision that the applicant in this case was entitled to present evidence to the district court which he failed to present to the PTO due to "ordinary negligence, a lack of foresight, or simple attorney error". *Kappos*, concurrence, slip. op. at 2. However, she felt that there are instances when the district court has authority to exclude evidence "deliberately suppressed from the PTO or otherwise withheld in bad faith." *Id.* at 3. Justice Sotomayor wrote that this conclusion was consistent with the majority decision because the authority to exclude such evidence was consistent with regular equity practice and procedure affirmed by the Court. *Id.*

Although section 145 actions before the district court are relatively rare, this decision makes such actions a potentially very useful tool for patent applicants. Specifically, the decision gives patent applicants an opportunity to introduce new evidence previously not before an examiner and BPAI. Unlike directly appealing to the Federal Circuit in a section 141 action, the section 145 action allows not only the introduction of new evidence, but also requires the district court to make its own findings *de novo*. The PTO, despite being an expert agency, is given no deference—a departure from typical administrative law policy. Further, evidence that can be introduced includes oral testimony, which is not provided for at the PTO. However, the expanded opportunity for patent applicants to present new evidence in section 145 proceedings will have to be carefully evaluated against the higher costs of bringing such actions.

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Supreme Court takes Two More Patent Cases

🕒 June 27, 2011 📌 Federal Circuit En Banc, Personal Jurisdiction, Supreme Court 👤

Dennis Crouch

The Supreme Court has granted *writs of certiorari* in two pending patent cases.

In *Kappos v. Hyatt*, the Supreme Court will decide (1) whether a patent applicant who files a Section 145 civil action has a right to present new evidence to the Federal District Court that could have been (but was not) presented during the proceedings before the USPTO and (2) when new evidence is presented, whether the court may decide the related factual questions *de novo* and without deference to prior PTO findings. An *en banc* Federal Circuit previously sided with the applicant, *Hyatt*, and held that the district court must allow new evidence and that factual conclusions affected by the new evidence must be decided *de novo* even if previously determined by the PTO. Judge Kimberly Moore penned the *en banc* opinion after dissenting from the original panel that had arrived at the opposite conclusion. This is Hyatt's second case at the Supreme Court. He won the first against the State of California who was attempting to tax his receipts from patent licensing awards. Hyatt's patents are related to computer micro-controller designs and claim a 1975 priority date.

Caraco Pharmaceutical Laboratories, Ltd. v. Novo Nordisk A/S is a brand versus generic pharmaceutical dispute involving the scope of a generic company's right to counterclaim against the brand based upon a brand's overbroad description of claim scope submitted to the FDA. The Federal Circuit held that the Hatch-Waxman Act only allows for deleting of improperly listed patents while the petitioner here argues that the Act also allows for correction of misstatements for patent scope.

The Supreme Court today also decided two personal jurisdiction that could have some impact on how foreign entities are treated in US patent cases. In *J. McIntyre Machinery v. Nicastro*, the court held that a the "stream of commerce" theory of personal jurisdiction was being taken too far and that the foreign manufacturer (Nicastro) could not be subject to courts located in New Jersey because it had not engaged in activities in that state that "revealed an intent to involve or benefit from the protection of the [New Jersey] laws." In *Goodyear Luxembourg Tires v. Brown*, the court held that courts located in North Carolina did not have general jurisdiction over Goodyear's foreign subsidiary.

About Dennis Crouch

Law Professor at the University of Missouri School of Law. View all posts by Dennis Crouch →

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Supreme Court: District Courts must Review PTO Factual Findings De Novo in Cases Challenging Board Decisions

🕒 April 18, 2012 📍 Supreme Court, Venue 👤 Dennis Crouch
By *Dennis Crouch*

Kappos v. Hyatt (Supreme Court 2012)

This case involves a patentee's right to file a civil action in district court challenging the USPTO's refusal to grant a patent. 35 U.S.C. § 145. In a unanimous decision, the Supreme Court has *affirmed* the Federal Circuit ruling that the patent applicant's presentation of new evidence to the district court requires that court to make *de novo* factual findings that consider both the new evidence and the administrative record. The USPTO had asked that the court to apply a higher standard of deference to agency factual findings.

This ruling has two major caveats:

- Deference will be given to PTO factual findings if the applicant fails to present any new contradictory evidence at the trial.
- Although it must undertake a *de novo* review, a court can give less weight to newly presented evidence based upon its consideration of "the proceedings before and findings of the Patent Office."

In its brief, the USPTO argued that the standard employed here would "encourage patent applicants to withhold evidence from the PTO intentionally with the goal of presenting that evidence for the first time to a nonexpert judge." The Supreme Court rightfully rejected that scenario as "unlikely" in most cases. There are two reasons for this: (1) as the Court notes, this strategy would serve to undermine their chances of directly obtaining a patent from the USPTO based upon the speculative strategy of having a court find the invention patentable; and (2) in my estimation, some amount of new evidence (such as expert testimony and test results) can always be obtained after trial. This is especially true because of the limited manner in which testimony can be presented to an examiner or in an *ex parte* appeal to the Board.

In this particular case, however, Hyatt has some reason to sandbag because his application was filed pre-1995 and covers basic building blocks of the modern computer. The delay in issuance likely means additional revenue sources that may persist for 17 years from the issue date.

This result here is appropriate in our current world where *ex parte* appeals to the PTO Board have become a standard and regular aspect of patent prosecution. Those appeals have become somewhat commodified and many firms offer a fixed price. This makes business sense under *Hyatt* because the applicant still has a chance to fully press its case and present additional evidence after losing at the Board.

Justice Thomas penned the majority opinion.

In a concurring opinion, Justice Sotomayor (joined by Justice Breyer) offered some thought as to particular times when a district court may offer less weight to evidence presented only at trial. Justice Sotomayor primarily discussed the 1927 deliberate suppression case of *Barrett Co. v. Koppers Co.*, 22 F. 2d 395, 396 (3rd Cir. 1927). In that case, the patent applicant refused to allow their witnesses to answer questions from the chief examiners. The appellate court in that case ruled that the applicant was estopped from later introducing evidence that it had purposely withheld. Learned Hand wrote in a later case that estoppel should not apply when the suppression was merely negligent. Relying on these cases, Justice Sotomayor wrote her suggestion that

when a patent applicant fails to present evidence to the PTO due to ordinary negligence, a lack of foresight, or simple attorney error, the applicant should not be estopped from presenting the evidence for the first time in a §145 proceedings.

Although not expressly stated, I suspect that the purpose of “keeping costs low” would fall within Justice Sotomayor’s category of permissible suppression. Of course, these suggestions from Sotomayor are not part of the majority opinion, which did not cite *Barrett* or the Learned Hand decision of *Dowling v. Jones*, 67 F. 2d 537 (2nd Cir. 1933).

In application of this rule to the facts here, Justice Sotomayor began with the presumption that new evidence should be allowed and found that the USPTO had not (yet) met its burden to show wrongful suppression.

About Dennis Crouch

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IPWatchdog®

The Impotence of the Patent Trial and Appeal Board



By **Gene Quinn**
July 17, 2016

Print Ar



Over the past several days I've been writing about the abysmal and embarrassing allowance rates for the E-commerce Art Units in Technology Center 3600 at the United States Patent and Trademark Office. One Art Unit in particular, Art Unit 3689, has so far in 2016 allowed only 1.3% of applications (3 patents issued with 232 patent applications abandoned). While they are by far the worst Art Unit in TC 3600, they are not the only Art Unit with ridiculous and

unacceptably low allowance rates.

In a recent article I made the statement that one of the three patents that Art Unit 3689 issued was issued only issued after the Patent Trial and Appeal Board ordered the patent issued. This drew ire from some in the patent community because technically the Board does not order patent examiners to issue patents. After a decision by the Board, jurisdiction transfers back to the patent examiners to effectuate the decision of the Board. Specifically, 37 CFR 41.54 says:

"After decision by the Board, jurisdiction over an application or patent under ex parte reexamination proceeding passes to the examiner, subject to appellant's right of appeal or other review, for such further action by appellant or by the examiner, as the condition of the application or patent under ex parte reexamination proceeding may require, to carry into effect the decision."

The problem? In Technology Center 3600 there seems to be a disturbing trend where the Board reverses patent examiners on every issue and yet no patent is issued. Instead, patent examiners conduct new searches, which the MPEP 1214.04 tells them they are not supposed to do, and Greg Vidovich, who is Technology Center Director for 3600, authorizes the reopening of prosecution. How is this possible?

37 CFR 1.198 says:

“When a decision by the Patent Trial and Appeal Board on appeal has become final for judicial review, prosecution of the proceeding before the primary examiner will not be reopened or reconsidered by the primary examiner except under the provisions of § 1.114 or § 41.50 of this title without the written authority of the Director, and then only for the consideration of matters not already adjudicated, sufficient cause being shown.”

The Director seems to have delegated this responsibility to Technology Center Directors. See MPEP 1002.02(c).

37 CFR 1.198 is for the extraordinary situation where there is something that has come to light at the last minute that raises significant questions about a claim or claims that were subject to a Board decision. The purpose for Rule 1.198 is not to allow patent examiners and Technology Center Directors to endlessly prevent the issuance of patents at all costs and under all circumstances. But in TC 3600 Rule 1.198 seems to be used for the purpose of harassing patent applicants that have successfully prevailed on appeal to the Board.

What is happening in TC 3600 is prosecution is being re-opened for the purpose of issuing *Alice* rejections. With the help of readers, so far I’ve found eleven (11) separate cases [1] over the last 10 months where prosecution was re-opened by Greg Vidovich, Director of TC 3600, after the Board issued a decision completely reversing the examiner on every rejection of every claim. In each case the Vidovich authorized re-opening of prosecution simply to issue *Alice* rejections.

Of course, *Alice v. CLS Bank* was decided in June 2014, so this is not a new development. It is also not “a particular reference or reference” that indicates nonpatentability, as seems to be required by MPEP 1214.04 in order for re-opening to be appropriate in the first place.

It would seem that Director Vidovich is doing everything in his power to prevent the issuance of patents. This is extremely troublesome.

Those familiar with the Patent Office are no doubt familiar with the concept of compact patent prosecution, see MPEP 2103, which is intended to move prosecution of applications along in an efficient and streamlined manner with issues being addressed all at once by examiners. Examiners are also allowed to raise new grounds of rejection as late as an Examiner's Answer. See 37 CFR 41.39(a)(2). The Board is also able to raise a new ground of rejection in their opinion as well. See 37 CFR 41.50(b). The entire point is to streamline prosecution and make it unnecessary for endlessly looping back to decide issues in series when they could, and should, be decided in parallel. Efficiency be damned, what is happening now in a systemic and routine way is TC 3600 waits for a decision from the PTAB and then, never having had any intention of ever issuing a patent regardless of the PTAB decision, comes up with yet another reason to reject the claims. This fundamentally frustrates the purpose of an appellate system and makes fools of applicants who believed in fairness of the PTO process.

It seems that TC Director Vidovich believed the Board decisions in these cases needed to be ignored and these applications had to be denied. But if the *Alice* problems are so serious and so significant that the extraordinary measure of re-opening prosecution and not effectuating the decision of the Board is being made, why didn't the Board notice the *Alice* problems and issue their own new ground of rejection? The Board has the right to remand cases to the examiner, see 37 CFR 41.50(a)(1), so why didn't the Board remand the decision to the examiner for consideration of *Alice*? Does TC Director Vidovich think he knows *Alice* rejections better than the Board? Does he think the Board is unfamiliar with *Alice*? Does Vidovich have reason to believe the Board is unaware of their power to remand to an examiner, or of their authority to enter a new ground of rejection? When you ask those questions out loud they sound absurd. It seems rather clear that these patents are going to be denied at all costs whatever it takes, even if that requires ignoring a Board decision and re-opening prosecution despite the lack of a new reference or references.

When the TC Director re-opens prosecution the applicant then has to go back into prosecution, or can move forward to appeal to the Board. But what good is an appeal when the TC Director has demonstrated that even if the appeal is successful prosecution can be re-opened and more bogus rejections made? What good is going back into prosecution with the same unreasonable examiner that has just had each and every rejection of each and every claim reversed? There is no relief for applicants, which is not how the system is supposed to work.

By re-opening cases TC Directors can effectively prevent patent applicants who have been victorious on appeal to the Board from ever being given the opportunity to reach an Article III court, which has to be unconstitutional. That's right, all the USPTO has to do to prevent an Article III court from ever reviewing an examiner decision is make the decision so obviously

awful that the Board reverses and then re-open prosecution. There is nothing to appeal from a Board decision when you are completely victorious, and when you keep getting pulled back into prosecution over and over again eventually the applicant just gives up, which is almost always what happens.

Review by an Article III court, which is supposed to be an applicant right, is effectively prevented by recalcitrant examiners working together with TC Directors. I find it difficult to believe that judges of the Eastern District of Virginia would find such a systemic and coordinated deprivation of process and gerrymandering of the appellate process to be within the powers of an Executive Agency. Perhaps at some point some will file a mandamus and we will find out.

Clearly, the rules of the system are set up to make examiners subordinate to the Board, not the other way around. The Board is supposed to have the final word and examiners are supposed to effectuate the decisions of the Board. See 37 CFR 41.54. Yet, it seems that the Board is inferior to the examiner and TC Director.

Only in the most extraordinary cases is prosecution supposed to be re-opened. It is NOT an extraordinary case when the Board had the ability to notice whether the claims they were reviewing contained patent eligible subject matter. It is not an extraordinary case where the Board had full knowledge of the claim and the *Alice* decision and still chose NOT to order a remand. If any group of people is acquainted with *Alice* it would be the Board, and the Board in these cases did not see fit to issue any patent eligibility rejections or remand to the examiner. That being the case TC Director Vidovich should bear a heavy burden when ordering the re-opening of cases. That he would have decided differently, or he would have issued a new ground of rejection, or he would have remanded to the examiner had he been the sole decision maker cannot be the standard. Such a standard would give him dictatorial power that isn't enjoyed by any judicial official on any level. It also nullifies the work of the three Administrative Patent Judges who issued the decision.

It seems clear that Art Unit 3689 has no intention of issuing patents. It also seems clear that even a reversal on all grounds by the Board will not stand in the way of denying patents at all costs. Thus, the Board is completely impotent. Those running TC 3600 don't like software patents and they don't like business method patents. They seem to be of the opinion that neither are patent eligible despite the fact that Congress, the Federal Circuit and the Supreme Court have all said that both software and business methods are, in fact patent eligible.

For a long time I've suggested that if you get stuck in an Art Unit where the allowance rate is abysmally low you just need to get through the first round of prosecution and appeal the case

to get to the point where legal arguments, logic and fairness have a chance of prevailing. Unfortunately, the sad truth is the Board has no authority over patent examiners because the Board is subordinate to TC Directors. A Board decision reversing an examiner is merely advisory, at best. The ultimate decision making authority at the Patent Office on whether to issue patents resides in the TC Center Director.

Getting to appeal and prevailing should mean a patent issues. Instead, it means yet another pair of eyes, the eyes of the TC Director, need to be satisfied first. Indeed, it seems that the only pair of eyes that matter are the TC Director, which makes the entire appeal process just one huge waste of time and money.

The appeals process is a charade, at least when you are appealing unreasonable rejections of examiners in TC 3600. Why bother appealing to the Board in the first place? In TC 3600 appeals should really be taken directly to the TC Director, who apparently has the final say anyway. Sure, there is the illusion of an independent body (i.e., the Board) that will resolve errors made by examiners, but if you are victorious the TC Director just pulls you back into prosecution to deal with that examiner who was jerking you around for years in the first place. You just can't ever escape. So why not recognize the reality of the situation and appeal to the TC Director?

This can't be the way the system is supposed to work. Functionally preventing applicants from reaching an Article III court can't be constitutional. Why bother having a Board if the examiner in conjunction with the TC Director can still refuse to issue a patent anyway? The Board is obviously completely impotent and appealing examiner rejections is an utter waste of time.

Re-opening these cases was an abuse of power plain and simple. Will the Patent Office do anything about what is going on in Technology Center 3600? Time will tell, but it is becoming increasingly impossible to believe that senior management of the Office is not well aware of the fundamental unfairness applicants in TC 3600 face. It is also becoming increasingly difficult to believe they do not at least tacitly authorize the behavior.

[1] These are the cases located so far where TC Director Greg Vidovich has re-opened prosecution after the Board reversed the examiner on all grounds. It seems that re-opening prosecution where there is a complete examiner reversal is the rule, not the exception, in TC 3600.

1. Application No. 12/429,881

PTAB Decision – March 28, 2016

Office Action reopening prosecution – June 30, 2016

2. Application No. 12/416,289
PTAB Decision – March 11, 2016
Office Action reopening prosecution – June 17, 2016
3. Application No. 12/128,098
PTAB Decision – February 11, 2016
Office Action reopening prosecution – May 19, 2016
4. Application No. 12/630,866
PTAB Decision – December 15, 2015
Office Action reopening prosecution – March 30, 2016
5. Application No. 11/760,701
PTAB Decision – November 3, 2015
Office Action reopening prosecution – March 11, 2016
6. Application No. 11/708,429
PTAB Decision – October 13, 2015
Office Action reopening prosecution – March 23, 2016
7. Application No. 11/754,676
PTAB Decision – September 16, 2015
Office Action reopening prosecution – February 8, 2016
8. Application No. 12/412,688
PTAB Decision – September 15, 2015
Office Action reopening prosecution – January 11, 2016
9. Application No. 13/031,645
PTAB Decision – August 3, 2015
Office Action reopening prosecution – December 3, 2015
10. Application No. 10/382,276
PTAB Decision – April 27, 2015
Office Action reopening prosecution – August 10, 2015
11. Application No. 12/119,593
PTAB Decision – March 26, 2015
Office Action reopening prosecution – September 4, 2015

Tags: [Alice Rejection](#), [Alice v. CLS Bank](#), [appeals](#), [Art Unit 3689](#), [Art Units](#), [business method](#), [business method patent](#), [business method patents](#), [Business Methods](#), [ecommerce](#), [Greg Vidovich](#), [patent](#), [patent office](#), [Patent Trial and Appeal Board](#), [patents](#), [PTAB](#), [software patent](#), [software patents](#), [TC 3600](#), [Technology Center 3600](#), [USPTO](#)

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John White July 17, 2016 9:20 am

Excellent article! This is true investigative reporting. Well done. The PTO can no longer push this off as “nothing to see here”. If the management at the PTO is comprised of those whom I believe it is – this will be stopped forthwith. An “extraordinary” remedy cannot become routine. It loses all relevance.

Appearance of ... July 17, 2016 10:34 am

John @1

Unfortunately, if the management at the PTO is composed of those whom I believe it is, this practice will continue.

Occam’s razor suggests that the simpler explanation is usually preferable. Here there is a simple unifying assumption that explains everything.

Put alternatively, if something looks like a duck, walks like a duck, quacks like a duck, then the hypothesis that it is a duck should be examined.

Curious July 17, 2016 10:41 am

Gene — I like the title. When I get a chance, I’ll post some more applications for your list

step back July 17, 2016 10:57 am

How can you talk about the PTO stonewalling inventors without mentioning Hyatt? Or SAWS?

<http://www.law360.com/articles/663030/uspto-can-t-avoid-apa-suit-from-inventor-rankled-by-delays>

“Final agency action on plaintiff’s 80 patent applications has now been delayed so long — twenty years — that it seems likely that the value of plaintiff’s purported inventions has been impaired. ... The case is Gilbert P. Hyatt v. U.S. Patent and Trademark Office, case number 1:14-cv-1300, in the U.S. District Court for the Eastern District of Virginia.”

John Faro July 17, 2016 11:16 am

Have you ever considered the filing of a Petition for a Writ of Mandamus, and the exception to exhaustion of administrative review, under the US SC decision in Thundef Basin

File your petition to invoke the supervisory authority of the Director, and when it is denied, file the Petition to Fed Cir – the PTO has become a “runway” agency with no oversight at the top

It's not rock science – Just do it

John Faro

Ternary July 17, 2016 11:30 am

Great article with absolutely fascinating supporting documents. Really, read them as examples of government's “gotcha” rulings. I am flabbergasted by some of the allegations in the re-opening office actions. Applause to the applicants and firms who provided the cases. Naming names and cases is the only way to stand-up against this continuing Alice madness. The USPTO in a most bizarre, Byzantine anti-patent form.

JNG July 17, 2016 12:40 pm

I think you're understating the problem too, because a lot of the Examiners in 3689 are too lazy to write an Examiner's Answer, or don't want to be embarrassed to have their poor work exposed. So instead they engage in a Kafkesque serial reject/appeal/reopen practice where you can never get a decision on the merits because it is constantly moving target. A typical example of this is 13/355,392 – I can't get the Examiner's error reviewed, because they can simply keep doing re-dos. As you can see, on the re-do they try to double down on the rejections to make it even less likely that you will fight them.

Gene Quinn July 17, 2016 1:09 pm

JNG-

Thanks for the citation to your case. I've been on the road this week. I've had some time to dig into things, but not as much as I would have liked. There are many more avenues to follow in this story. Examiners continually preventing an applicant from getting to the Board on the merits is one of the avenues I will be following over the next week or two.

-Gene

Bemused July 17, 2016 1:21 pm

Gene,

Good on you for calling out TC Director Vidovich by name. Nothing wrong with letting folks know who is causing a particular problem at the PTO.

If Director Vidovich has any issue with being publicly outed, I presume that he can contact you with a request to post his side of the story and that you would give him ample opportunity to respond on this blog.

Call me jaded but I doubt any such request will be made by Director Vidovich.

Bemused

Gene Quinn July 17, 2016 1:27 pm

Bemused-

I would be happy to publish a USPTO response to this article, or any other article in this series. Sadly, there seems to be much more to write.

-Gene

Curious July 17, 2016 2:28 pm

I'm still in the process of gathering data, and I've only checked art units 3622 and 3623. However, I've been able to identify 12 other instances (not included in Gene's list) in which prosecution was reopened after a full reversal at the Board. Another disturbing trend I've identified as that there are many decisions in which the Board has been reversed in which the Examiner has not taken any action — even after many, many months after the reversal. The worst is an application that was reversed 14 months ago.

I've only looked at decisions dated from 2014 through April 1, 2016 (I assumed any decisions dated after that are too recent for the examiner to act on).

I'll post the relevant data sometime tonight.

Curious July 17, 2016 4:12 pm

The art units I looked at were 3622-3626 and 3688-3696. This leaves 3627-3629 and 3682-3687 unaccounted for. I searched for decisions from the USPTO own search engine, which I have found, in the past, to be incomplete. The Decisions on Appeal I identified were either a complete reversal (with no new grounds of rejection) or an affirmance-in-part, in which the inventor did not amend the claims. In either instance, the expected response would be for the examiner to issuance a Notice of Allowance.

The Decisions I looked at were dated 3/1/2014 through 4/1/16. I assumed anything after 4/1/16 would likely not have an examiner action yet. The number of Decisions on Appeal that met the above criteria was 71. Of the 71, 13 are still waiting action by the examiner despite all being at least decided at least 3 ½ months ago. Most have been awaiting examiner action for 4-5 months.

Of the remaining 58 Decisions, 5 were allowed and 53 were reopened. 5 of the 53 that were reopened are already found in GQ's list.

Other interesting tidbits. 2 applications received Notice of Allowances after the Board reversed, but those allowances were subsequently withdrawn. A handful did not include TC director signatures. Additionally, in art units 3691-3965, Rinaldi Rada was the one who signed off. As such, Greg Vidovich is not the only TC Director signing off on these.

GQ – if you want the application numbers (and other relevant data), just email me (the email I include in my comment works) Obviously, the number of decisions is too great to post. Prior to 3/1/2014 if the examiner was reversed, there was a high likelihood that a Notice of Allowance would issue. Coincidence or not, Michelle Lee began her stint as Director of the USPTO on 1/13/2014.

Ternary July 17, 2016 5:23 pm

In all cited examples: any invention involving (not even claimed) an optimized process that achieves some potential (even not articulated) economic benefits is assumed by its nature to be directed to an abstract idea and as non-patentable.

Accordingly, Alice indeed swallows a whole class of inventions. It seems not to matter that humans only (without computers) would never be able to achieve these results. Everything comes back again to the definition of an abstract idea and probably to the concept of optimization. The refusal or ineptitude of SCOTUS to define an “abstract idea” continues to power anti-patent forces.

I would strongly suggest that inventions that optimize a process in a manner that is novel and non-obvious should be patentable subject matter and are currently driving the global economy in combination with computing devices.

As argued before, this is a matter for clarification by Congress, not for the Courts or the USPTO, as it is key to segments of our economy. If Congress decides that these inventions are non-patentable, so be it.

It is hard to believe that director Vidovich is operating in this highly charged, hierarchical and politicized USPTO environment without receiving at least some tacit encouragement from its leadership.

Curious July 17, 2016 5:37 pm

Accordingly, Alice indeed swallows a whole class of inventions.

The Supreme Court decision in Alice makes no such statement. It has been the USPTO’s flaunting of the Supreme Court’s warning, in Alice, that “we tread carefully in construing this exclusionary principle lest it swallow all of patent law ... an invention is not rendered ineligible for patent simply because it involves an abstract concept” that leads to your observation. The USPTO has not been treading carefully.

Because the Supreme Court has yet to give us guidance as to how one can determine whether or not a invention is “directed to” an abstract idea without anything more, we can only use past decisions as guidance. The USPTO (and TC 3600) treats these past decisions as broadly as possible in order to shoe horn just about every application within their tech center into the facts of these decisions. Granted, some of the examiners attempted an analysis in the office actions (in which prosecution was reopened). However, a great many of Office Actions I reviewed involved rejections with a couple sentences of original analysis with the rest being boilerplate. It is hard to tell whether the examiner just didn’t care to attempt to put forth a reasoned analysis or the examiner realized that he/she didn’t have a reasoned analysis to put forth so he/she put the least amount of effort into they could to satisfy the wishes of their higher-ups.

Ternary July 17, 2016 6:58 pm

The common boilerplate language indicates a concerted and shared effort in the Office. I have dealt with at least 2 cases where the Examiner explicitly told that he was not going to allow under Alice, no matter what we were going to submit, as this was not going to pass the SPE. He actually suggested filing continuations to keep the cases alive in the hope of future policy changes in a couple of years. From that perspective he was realistic and helpful.

I do not see this as individual actions of Examiners out of indifference or sucking up to superiors. This looks like being based on direct orders from above. After repeat of similar rejections/wording in a technology group, including Curious' analysis in @14, a trend may be suspected and should be called out as in this post. See the earlier mentioned duck in @2.

Even if this is merely a rogue group then it is still covered by Alice, legally nothing wrong with that. And it still swallows a whole class of inventions of computer based optimization processes.

Night Writer July 17, 2016 9:35 pm

One thing too is that I am starting to see 101 come into other art units. I wonder if our Google director is trying to expand the 3600 into the other art units. Basically, I think her purpose is to weaken patents by any means at her disposal. Thanks Obama.

My guess is they are testing 101 in the other art units to figure out how to use it to burn the system down.

Night Writer July 17, 2016 9:37 pm

And to be clear, I am seeing the same type of claims I have been writing for 15 years suddenly be killed with 101 in art units that I have never seen 101 before. The SPEs ask for draconian amendments that would make the claims nearly worthless.

So, I think this expanding.

Luis Figarella July 18, 2016 6:40 am

Gene:

Said before, but let me say it again, FANTASTIC investigative reporting. Facts, facts, facts, Sgt. Gene "Friday".

If you are one of the lucky constituents having a House/Senate Judiciary member, please send them a copy of the article?

May I remind everyone that the Senate Judiciary Committee members are;

Chuck Grassley, Iowa, Chair.

Orrin Hatch, Utah.

Jeff Sessions, Alabama.

Lindsey Graham, South Carolina.

John Cornyn, Texas.

Mike Lee, Utah.

Ted Cruz, Texas.

Jeff Flake, Arizona.

...and the House are;

Bob Goodlatte, Virginia, Chairman (113th)

Jim Sensenbrenner, Wisconsin.

Lamar S. Smith, Texas.

Steve Chabot, Ohio.

Darrell Issa, California.

Randy Forbes, Virginia.

Steve King, Iowa.

Trent Franks, Arizona.

Ely Erlich July 18, 2016 6:41 am

Also in the mechanical field!

Even though we are not subject to all of the same rejections, there has definitely been an increase in the never ending office actions. We overcome the prior art only to have completely new art cited in a following (often final (!)) action. Some European colleagues of mine (mechanical patent attorneys) also recently noted to me they had seen the same thing during prosecution at the USPTO.

It certainly seems to be part of a trend.

KenF July 18, 2016 8:25 am

Gene,

They're just not working hard enough..... ?

Case 1:18-cv-02809 Document 1-13 Filed 11/30/18 Page 198 of 715
Nice job calling it for what it is, and putting a name out there so he has to have some public accountability.

Ken

anonymous July 18, 2016 8:57 am

This series is appearing to be increasingly personal on your part, yet despite other commenters referring to this as “investigative journalism,” I haven’t seen any disclaimers on any possible conflicts of interest on your part, the way an actual journalist would do. I have some questions:

1. Have you ever filed for a patent for yourself in TC 3600? If so, how many times have you done so, and what were the outcomes?
2. Have you ever filed for a patent for a client in TC 3600? If so, how many times have you done so, and what were the outcomes?
3. Do you have any personal experience with the TC Director you mention? If so, please disclose the nature of those exchanges/interactions, to better illuminate your readers and allow us to put your words in context.

Thank you in advance for answering these questions, ideally with the same level of detail you have applied to this series.

Lost In Norway July 18, 2016 9:26 am

Gene, this is some of your best work! I’m not sure it will do any good, but we are owed an explanation as to why the TC directors have so much more power than they are supposed to.

Simple question: what can we do? Is there anyone we can take our issues to? They have broken procedure, haven’t they? Prosecution was reopened without grounds and new searches done. Any recourse at all would be appreciated. Is this a question of petitioning the director and hoping for the best?

This makes me and an applicant feel helpless.

Gene Quinn July 18, 2016 10:08 am

anonymous-

It is interesting that you choose to focus on me rather than the facts. I'm laying out facts for everyone to see and yet you think it is me with the agenda?

I'd be happy to answer all your questions, but I certainly don't feel compelled to answer anything to anyone who chooses to remain anonymous and use a fake e-mail address in order to post a comment. If you care to repost your questions with your real name and a real e-mail address so I and others can see what YOUR bias and YOUR agenda is then I will answer your questions.

-Gene

Gene Quinn July 18, 2016 10:11 am

Lost in Norway-

Patent applicants and attorneys are obviously not going to get anywhere with examiners, SPEs or TC Directors in 3600. More astonishing (and sickening) details to follow this week (and probably into next week too).

I do believe the people in the Commissioner's Office want to know when there are irregularities of process occurring. I would encourage everyone who is trapped in the TC 3600 death spiral to reach out to the Commissioner. This is not a one-off problem. The problems are systemic.

I understand that you feel helpless. As I'm uncovering all of this garbage I've been depressed. The realization that the system is nothing more than a charade being manipulated by actors who hate patents in TC 3600 is depressing.

-Gene

Chris Gallagher July 18, 2016 10:13 am

Step Back's comment at #4 above confirms that although its volume has suspiciously increased, when patent applications can be stalled for 20 years, (see Gilbert Hyatt v USPTO) something is rotten in Alexandria. Great job Gene.

Appearance of ... July 18, 2016 10:30 am

The latest (July 14) update of the USPTO interim guidance on subject matter eligibility has now updated the guidelines to reflect the July 5 “Rapid Litigation v. Cellzdirect” case (biotech), but has not updated the guidelines to reflect the earlier June 27 “Bascom v. AT&T” (software) case.

In my opinion, Bascom introduces a more formal, 35 USC 103 like process onto step 2 of the Alice test, and thus makes it a bit harder to reject software patents on the basis of subject matter eligibility.

Will the USPTO interim guidance materials continue to ignore the Bascom case? This would be an interesting good faith test right here.

Gene Quinn July 18, 2016 10:31 am

Ely-

If you see anything out of the ordinary please feel free to send me an Application No. to look at in Public PAIR.

-Gene

Prizzi's Glory July 18, 2016 10:32 am

Obviously SAWS continues in secret.

And don't assume that we are seeing any sort of thwarting of the goals of PTAB judges.

A careful reading of the SAWS FOIA documents provides more than enough evidence that PTAB judges were fully part of the unlawful SAWS conspiracy.

The practice Gene describes deals with the problem caused by upholding an examiner's rejection of a patent. The Applicant might resort to 35 U.S. Code § 145, in which the judge can authorize a patent without any remand to the USPTO.

In re #12, take a look at [Sensitive Application Warning System](#). Note that the announcement is dated March 2.

Gene Quinn July 18, 2016 10:39 am

Appearance-

Agreed. If the USPTO does not soon update the eligibility guidance to take into account BASCOM that will speak loudly and clearly.

-Gene

step back July 18, 2016 10:48 am

@25 Appearance of xyz

Please stop giving implicit legitimacy to the fakery invented by SCOTUS out of thin air.

There is no there there to begin with.

There is no magic, direction-detecting compass-ometer to be hover Ouija style over a board of claims for determining from spiritual inspiration what each claim is “directed to”.

There is no mythical balance scale for weighing in search for the ephemeral something significantly more.

The whole thing is a farce.

But then again so are the curmudgeon science hating King Tut abacus men of Mount Olympus.

<http://patentu.blogspot.com/2016/06/spirit-town.html>

Jeff July 18, 2016 11:40 am

See also application serial number 12/493,405 where the examiner was reversed on all points and prosecution was reopened. Vidocivh signed as TC director of 3600.

Edward Heller July 18, 2016 3:09 pm

Gene, if I understand your report correctly, the identified applications were found patentable by the PTAB, but on remand, the examiner in each case entered Alice rejections. Further, the applications all involve business methods.

Let us just say, that I am not surprised at this.

From my understanding of the case law, most business method applications do not involve improved data processing methods that would be otherwise patentable under Bilski/Alice/Enfish. They simply manipulate business method steps, albeit, novel and unobvious, and recite computers generically. These kind of claims will normally fail the Alice, etc., test. If the claims in the applications under examination do fail Alice, the PTO has a legal duty to reject them.

Now, if I am wrong in this in that the examiner conducted new searches and raised new prior art on remand, without entering an Alice rejection, then I would totally agree with you that there is an abuse of process going on here. I think any applicant would have a administrative procedure suit the correct the situation not unlike that filed by Hyatt.

But I do not think that is the case here.

With a properly entered Alice rejection, the applicant can either respond to it or merely immediately appeal to the PTAB. Depending on their decision, they should have access either to the courts in a 145 action or in an appeal to the Federal Circuit.

Prizzi's Glory July 18, 2016 3:12 pm

According to the SAWS TC3600 FOIA documents, Vidovich, Hirshfeld, Focarino, & Faile, and Lee have all been heavily involved in (at least) unlawful SAWS procedure. Without their removal and the removal of a large number patent officials heavily involved in the SAWS conspiracy, there is no reason to expect any real change at the USPTO.

Prizzi's Glory July 18, 2016 3:13 pm

BTW, Focarino retired shortly after the alleged termination of the SAWS program.

Night Writer July 18, 2016 3:19 pm

@32: Ned: They simply manipulate business method steps, albeit, novel and unobvious, and recite computers generically.

I see Ned is up to his witch recitations for the day. So, now a “novel and unobvious” method and/or computer is not eligible under 101. Man oh man. It never ends with these judicial activist. See

Newman's concurrence in Bascom for an intelligent discussion regarding the interaction of 101 and 102/103. It is nice to read from a rational thinker like Newman and get away from the medieval thinking of the likes of Ned.

Curious July 18, 2016 3:38 pm

most business method applications do not involve improved data processing methods that would be otherwise patentable under Bilski/Alice/Enfish

Except that Bilski and Alice never mention “improved data processing methods” as being patentable. Instead, they described what isn’t patentable — abstract ideas directed to fundamental, long-standing economic practices.

They simply manipulate business method steps, albeit, novel and unobvious, and recite computers generically. These kind of claims will normally fail the Alice, etc., test

Sorry No. There is no Alice “test” beyond what I described above. If an invention directed to something that is very similar to that found in Bilski (this is pretty much the extent of the analysis within Alice), then it isn’t patent eligible. While plenty of people want to read more into Alice, the Alice decision just doesn’t support it.

Why do you continue to feel the need to misrepresent the case law on this blog? Go to Patently-O and misrepresent it all you want — misrepresentations of the law are de rigueur there.

With a properly entered Alice rejection, the applicant can either respond to it or merely immediately appeal to the PTAB. Depending on their decision, they should have access either to the courts in a 145 action or in an appeal to the Federal Circuit.

And the merry-go-round begins. How long will it be until they receive satisfaction? They waited 3-4 years after the appealed office was issued before they got a decision by the Board, they’ll wait the same amount of time to get a second decision by the Board and considerably longer to get something out of the Federal Circuit. While certain large clients may be OK with this, this type of dilatory practice will undoubtedly cause many applicants to give up entirely on their application and/or the US Patent System — no doubt the goal of many of those in power at the USPTO.

Dale B Halling July 18, 2016 3:47 pm

Thank you for this important and courageous article Gene. I have had a several of this type of cases. This nonsense started with the evil Jons (Jon Dudas and John Doll). Honestly these people should be thrown in jail for purposely ignoring the law and the constitution. Unfortunately, they are almost untouchable.

Dale B Halling July 18, 2016 3:49 pm

Stepback – excellent point

staff July 18, 2016 4:22 pm

‘The Impotence of the Patent Trial and Appeal Board’

Inventors will tell you the problem is far worse. Take a look at who was just appointed.

<http://www.uspto.gov/about-us/news-updates/david-ruschke-appointed-patent-trial-and-appeal-board-chief-judge>

In the inventor community his former employer has a reputation as a repeat infringer. In every patent infringement case filed involving them since 2014, they have always been the defendant. We are told they are also one of the biggest filers for PTO post issue reviews. How can this not be a conflict of interest? This is yet another reason why the Patent Office cannot be trusted to review issued patents. Add to that the fact that the present director is a former head of patents for a company who has an even worse reputation in the inventor community as a repeat infringer and has been a central figure in the disintegration of America’s patent system. Just how out of touch or corrupt IS PTO management?

Inventors are up in arms and clamoring for a clean sweep at the top. We need a director and upper management who is not in league with large infringers, or at least has substantial ties with and appears to still be working for. Even the mere perception is as good as reality in such a crucial position for America’s economy. Permitting such a flawed process to illegally and unjustly strip inventors of their property rights is a disgrace. Upper PTO management must go. One has to now wonder just how deep the apparent corruption at the PTO goes. Inventors and their attorneys will tell you the PTO frequently rejects patent applications that are allowable -certainly those of inventors and small entities. If we have to fight to get or keep our patents, we go out of business. No doubt this suits large invention thieves and their paid puppets just fine. How can this not be a restraint of trade, or even a RICO situation? Surely our friends in Congress and the courts will now take notice of how bad things have become. The propaganda of multinational invention thieves is destroying the patent system and property rights in America. When thieves win, America loses.

For our position and the changes we advocate to truly reform the patent system, or to join our effort, please visit us at <https://aminventorsforjustice.wordpress.com/category/our-position/> or, contact us at aifj@mail.com

Edward Heller July 18, 2016 4:24 pm

I took a look at the PH for the first decision listed, the one for 12/428,881 owned by Rockwell Automation of Milwaukee. The appeal was noticed on May 28, 2013, fully a year before Alice. It is not surprising at all that the examiner's entered an Alice rejection on remand.

Gene's complaint is that the PTO did not withdraw applications before the PTAB when Alice came down instead of letting the PTAB enter its decision. I think this only delayed things a bit, which is compensable in restored term.

The claim in this case is

1. An energy demand management and services system, comprising:

at least one processor coupled to memory retaining instructions carried out by the processor, in operation, for:

an acquisition component that, in operation, obtains at least one utilization data element initially generated in an industrial automation controller via a communication network, wherein the utilization data elements are instances of discrete data pertaining to at least one of sustainability, energy consumption, or emissions by at least one of manufacturing elements or facility elements, and wherein the utilization data elements include various granularities of data types represented therein;

an analysis component that, in operation, employs the utilization data elements to at least one of forecast the sustainability, energy consumption, or emissions, determine at least one trend for the sustainability, energy consumption, or emissions, or identify logical data relationships for the sustainability, energy consumption, or emissions;

an optimization component that generates and automatically implements at least one suggestion for improving sustainability, reducing energy demand, or reducing emissions based on at least one of the utilization data elements, forecasts, trends, or logical data relationships; and

an interface component that, in operation, displays representations of at least one of the utilization data elements, forecasts, trends, or relationships.

The board reversed because the examiner ignored the requirement for "various granularities." I actually, do not know what granularities means in this context. Perhaps it is enough to save the claim under Alice.

But the main problem with the claim is this: it is presented at such a high level of abstraction that it could not possibly pass Alice step 2.

Gene Quinn July 18, 2016 4:26 pm

Edward Heller-

What good does immediately appealing to the PTAB do when it is clear that even a successful appeal will be met with reopening of prosecution?

If there were Alice problems with these claims the Board should have noticed and either entered a new ground of rejection or remanded to the examiner, both of which they have the power to do.

Your mistake is you believe these bogus Alice rejections to be proper. 101 is a threshold inquiry. In many (if not most) of these cases the Board overturned the examiner on 112. I'm not sure how an application can have adequate 112 support and still not pass muster under 101 as an abstract idea.

As for the recitation of computer generically, the CAFC in Enfish explained that the fact that the method is carried out on a general purpose computer cannot mean that the method is patent ineligible.

As for the PTO having a duty to reject these applications, that is garbage. The PTAB reviewed the claims, saw no problems. Examiners and TC Directors are not supposed to be Super APJs. They are supposed to be inferior to the APJs in the appeals structure and only in the most extraordinary of cases is 41.54 supposed to be ignored at the expense of 1.198. To suggest otherwise makes appeals a complete waste of time and nothing more than advisory, which they sadly are in TC 3600.

Edward Heller July 18, 2016 4:33 pm

Gene, good point there about the PTAB and Alice.

Second, I fully agree with you that the PTO cannot simply keep applications pending by finding new art on remand. That seems to violate both the rules and basic due process. An APA suit might be appropriate.

But, cases seem to have been appealed before Alice came down. What the PTO is doing is entering Alice rejections on remand. They do not seem to be searching for new prior art.

This is, in my view, not improper. I doubt that an district court would disagree with the PTO on this.

Gene Quinn July 18, 2016 4:35 pm

Ed-

Wait for tomorrow's article... and Wednesday's article. The article for tomorrow is scheduled and I think will be jaw dropping. I'm nearing completion on my article for Wednesday, which again I think will continue to only add to the mounting evidence that something is seriously wrong in TC 3600.

-Gene

Curious July 18, 2016 4:50 pm

But the main problem with the claim is this: it is presented at such a high level of abstraction that it could not possibly pass Alice step 2.

Except Step 1 now requires more than just some (easy to find) identification of an abstract idea that can somehow be tied to the claims (see *Rapid Litigation Management v. Cellzdirect*). Personally, I think Step 1 is where the better arguments lie. Once you've gotten to Step 2, everything is arguable conventional.

You think that claim is "directed to" an abstract idea? Then put forth your Step 1 analysis. What is the abstract idea to which claim 1 is directed?

The PTAB reviewed the claims, saw no problems.

Since I've reviewed many decisions on appeal (see my comment in Gene's other article) as to this very issue, I can say that the PTAB has not been shy about instituting new grounds of rejection under 35 USC 101. The fact that the PTAB could have instituted a new grounds but did not should be telling.

They do not seem to be searching for new prior art.

Obviously, you don't know &^%\$. Every instance in which I identified an application that was reopened and cared to look (I didn't care to look at them all but it wasn't the data I was collecting) I saw in the file wrapper an indication that the examiner performed another search.

Gene Quinn July 18, 2016 5:16 pm

In response to Curious-

"I saw in the file wrapper an indication that the examiner performed another search."

Case 1:18-cv-02800 Document 1-13 Filed 11/30/18 Page 208 of 715
I am seeing a lot of new searches also. It strikes me as odd why you would need a new search just to issue an Alice rejection, and doing a new search is prohibited by 1214.04 anyway. My only guess is that new searches were being done in an attempt to find something, anything, to use to further reject the applicant, MPEP 1214.04 and office policy be damned!

Curious July 18, 2016 5:42 pm

office policy be damned

The office policy in TC 3600 is *the only good patent application is an abandoned patent application*.

Alex in Chicago July 18, 2016 11:39 pm

Curious, if you indeed think the law is the way you stated in post 36 you are doing a serious disservice to your clients, borderline malpractice. The law is in no way near the state that you describe it.

Also, Gene, I find your faith in the PTAB recognizing Alice-eligible/ineligible claims endearing, but it is sadly misplaced. They seem hardly competent at that task.

Lastly, performing searches is part of section 101 Alice rejections. Plain and simple. Alice step two asks the whether “an element or combination of elements that is ‘sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.’” If you do not resolve what the PA is, you cannot possibly determine whether an element or combination of them amounts to the “something more” SCOTUS requires. Also, honestly, any search done prior to an appeal is stale by the time an examiner receives the response. With improved classification and search algorithms in EAST re-doing searches post appeal should be a matter of course prior to allowance. Its the other art units that are being stupid on that front.

Curious July 19, 2016 12:46 am

The law is in no way near the state that you describe it.

I’m working with what the Supreme Court stated in Alice. What are you working with?

Curious, if you indeed think the law is the way you stated in post 36 you are doing a serious disservice to your clients, borderline malpractice.

Clearly, you don’t understand what is meant by “malpractice.” It has a specific meaning that a lawyer

would know. As such, I doubt you are a lawyer. Also, I suspect my clients are far more sophisticated and well-informed about the law than you are.

you cannot possibly determine whether an element or combination of them amounts to the “something more” SCOTUS requires

You cannot possibly determine whether an element or combination of them amounts to “something more” than the abstract idea until SCOTUS explains what is mean by an “abstract idea” to which the claims are directed. Remember, SCOTUS declined to define what they mean by “abstract idea.” If you don’t know what is an “abstract idea” (at least how SCOTUS defines it), how do you know if you have significantly more than the abstract idea?

With improved classification and search algorithms in EAST re-doing searches post appeal should be a matter of course prior to allowance. Its the other art units that are being stupid on that front

Obviously, we are dealing with an examiner. As for the other art units, perhaps they are following the MPEP — you know the part in MPEP 1214.04 which states “The examiner should never regard such a reversal as a challenge to make a new search to uncover other and better references.” I know the MPEP is merely optional in 3600 (particular if it supports Applicant’s arguments) — except, of course, when it supports the Examiner’s rejection in which case it is akin to the Bible or the Ten Commandments written by the hand of God.

Lost In Norway July 19, 2016 4:56 am

WHY don’t they want to issue patents? I wonder if Vidovich has ever given a statement. It’s an issue for the director if there never going to be patentable subject mater in an art unit. It’s not the job of Director Vidovich to run their own person fiefdom.

You do the job you are assigned to the best of your ability. Once issued it’s someone else’s problem (3rd party review). I’m trying, I really am, but I can’t understand what 3600’s problem with patents are. I can’t imagine that this behavior would stand in an engineering art unit. In fact, that’s a good question. Is it only in the art units that can use Alice that this happens in?

Gene, I really look forward to your further articles on this. It is so important that something so broken is fixed. They are playing with inventors money and possible success, which is the exact opposite of what the USPTO should be doing.

Easwaran July 19, 2016 6:33 am

Gene, thanks for focusing on this issue. There are clearly very large problems, just wanted to quibble with one theme I've seen raised recently about Board practice, which you recently mentioned in post 41:

"If there were Alice problems with these claims the Board should have noticed and either entered a new ground of rejection or remanded to the examiner, both of which they have the power to do."

The problem with the first suggestion, of course, is that Alice rejections are premised on underlying factual findings. The Board should NOT be in the business of making factual findings absent evidence supporting those findings, and we already know the Board should only rely on the record before it. For this reason, I think the Board should essentially never be making new Alice rejections unless somehow the facts underlying those rejections (e.g., the evidence demonstrating that an idea is a fundamental economic practice, or the prior art demonstrating the conventionality of the combination including the additional elements) are already on record.

The side effect of this procedure, of course, is that it suggests that it will be proper procedure (sometimes) to issue new rejections following Board decisions (e.g., when the Alice framework was never previously applied but the claims would fail the analysis). Remember, though, that re-opening after Board decisions wouldn't be as large of a problem without the incredible appeal backlog, so I'd say on this particular issue, the primary culprit is the understaffing of the Board (which greatly exacerbates the problems caused by the poor quality of rejections in these art units).

The problem with remanding cases is that it likely wouldn't solve the issue of delay, because in reality what would happen is that we'd deal with a 2-3 year wait before the remand. And if the Board were to sift through every appeal for potential remand after Alice was issued, that would cause even longer delays in appeals having other issues.

Easwaran July 19, 2016 6:56 am

Lost in Norway asks: "WHY don't they want to issue patents?"

This is, of course, the fundamental question. I'll give my own perspective, and FYI, I used to examine applications in AU 3689 before leaving for private practice a number of years ago. The heavy thumb on the scale against allowance was one of the reasons I left the USPTO.

The only guess I have is that it is human nature to have a long memory for criticism. Back in the 2000s, there were routine condemnations of business methods patents by the broader media (not necessarily the patent-specific media), focusing for instance on the Amazon One-Click patent, and whatever outrage-of-the-day was released by blogs such as Ars Technica or the like. And the problem is that subject matter experts who frequent those websites can sometimes identify prior art that did

not occur to the patent examiners. Although it was not always the case that patents were issued improperly (the Amazon One-Click patent still lives, as far as I know), the folks in the business methods areas were very embarrassed by the issuance of some patents having clear prior art discovered after the fact.

So many of the people who are in charge had their outlook on business methods patents shaped by this bad press, and they are constantly fearful that other art is out there, even if they can't find it. As a result, the SPEs and more senior examiners who were around then (or who have trained under those who were around then) are very cognizant of their "duty" to protect the public from "bad" business methods patents even when there is the appearance of allowability of a claim. To put it simply, there is a heavy skepticism about any invention in this area. Unfortunately, people who have never been attorneys or applicants have no way to properly weigh this perceived duty against the harm they inflict on patent applicants by improperly rejecting claims, because the public outrage for rejection is not in proportion with the outrage for some allowances.

Although I worked there for several years, I'm really just speculating here, because who can know what someone else actually thinks? But it's my best guess.

Curious July 19, 2016 7:59 am

So many of the people who are in charge had their outlook on business methods patents shaped by this bad press, and they are constantly fearful that other art is out there, even if they can't find it. As a result, the SPEs and more senior examiners who were around then (or who have trained under those who were around then) are very cognizant of their "duty" to protect the public from "bad" business methods patents even when there is the appearance of allowability of a claim.

You are probably correct is this assessment. That being said, their job is to follow the law — not ignore the law in order to save the USPTO from some future (but not guaranteed) embarrassment. The proper response to post-issuance found prior art is to provide the USPTO will better search tools. Clearly, search tools for prior art today are much, much better than they were in 2000. However, this mindset still remains.

This is why I believe much of 3600 needs to be disbanded and reformed. A complete change in culture needs to be created. Much of the computer-implemented inventions could be shifted to 2100.

Night Writer July 19, 2016 8:22 am

Does anyone know of a good seminar on patent claim drafting? There used to be one that you had to have 10 years experience to take.

Night Writer July 19, 2016 8:28 am

@52: To my mind, the whole problem is the SCOTUS. They have abandoned laws for equity. They want a system where there is no laws, but only procedure and judges deciding the outcomes of cases with appellant courts always being able to overturn. That is what they are building with the case law of overturning the Constitution.

You know, when you think about it, what they are doing is maximizing the power of the judiciary but invalidating statute after statute and turning it into an equity test (giant balancing test often with just a judge deciding).

But, if you think about you realize that the only way to crush people like the 3600 cancer is with courts of LAW. Courts of equity will never be able to mold human behavior other than just making us all afraid of the law and the power the courts wield.

Pretty sad really that we are no longer a nation of laws. I think Alice is a prime example.

Gene Quinn July 19, 2016 9:18 am

Alex in Chicago-

You say: "Gene, I find your faith in the PTAB recognizing Alice-eligible/ineligible claims endearing, but it is sadly misplaced. They seem hardly competent at that task."

My point was simply that if any single group is acquainted with Alice it would have to be the Patent Trial and Appeal Board. They seem all too well acquainted with Alice, or at least their version of Alice where the patent applicant or patent owner seems to typically get the short end of the analysis.

Night Writer July 19, 2016 9:37 am

The basic problem is that Alice is not law, but an equity solution that enables a judge to invalidate pretty much any claim they feel like invalidating.

Alex in Chicago July 19, 2016 2:37 pm

I'd agree with you Gene, but these units all appear to have separate instructions. If a Alice rejection (in name) is overturned by the board, I think very few will inevitably be overturned. Your stats aren't quite granular enough for me to really figure out whether that has happened or not. I'd think the board is getting through the first wave of Alice rejections that actually cite the case right about now, based on their typical delay.

I was once an examiner, but left as soon as practicable because of the massive difference between what ideally should happen at the PTO, and what does. Probably less than 1/3 of SPEs know what the rules of obviousness are, its likely that these entire sets of AUs got director-level instructions to investigate all applications, even on remand, for Alice. The SPEs are unlikely to even know how to apply Alice, let alone to have the ability to read it.

Moreover, the mantra + the quota system likely turns their examiners into Alice-bots, because Alice is basically a short-cut 103 rejection, and that is the law as written by SCOTUS, not a USPTO problem. If I was in the kind of an AU with the option, I probably could have tripled my output by issuing Alice rejections instead of doing real PA searches.

But, I will say the MPEP is wrong in 1214.04 . There is no statutory support for non-renewal of a search and the PTO has a duty to clients to ensure that claims issued will be bolstered against Ex-Parte and Inter-Partes re-examinations which are much worse than receiving a new non-final OA.

Edward Heller July 19, 2016 2:40 pm

Night@54, I wholly agree. Law requires clear rules. Scalia often said that balancing factors was not law.

Yes, in a sense, Bilski/Alice is not law. But neither is 103 to the extent it ultimately relies on the "opinion" of some expert witness. There is no objectivity when the ultimate decision is based on "common sense."

Gene Quinn July 19, 2016 2:51 pm

Alex in Chicago-

You say: "There is no statutory support for non-renewal of a search and the PTO has a duty to clients to ensure that claims issued will be bolstered against Ex-Parte and Inter-Partes re-examinations which are much worse than receiving a new non-final OA."

Case 1:18-cv-02800 Document 1-13 Filed 11/30/18 Page 214 of 715
I think what you are saying is that the PTO has an obligation to reopen prosecution after a complete reversal by the Board when the examiner thinks there are other grounds that continue to merit rejection. I disagree.

The applicant is left to rot waiting for an appeal for 3 to 4 years. It is unconscionable that these applicants were left to wait for an appeal decision where there was absolutely no intention of issuing the patent even if there was a complete reversal. These types of delay tactics represent a war of attrition against applicants. These tactics normally work, with applicants generally giving up and abandoning cases because it is clear that whatever they do, no matter whether they prevail, regardless of the frivolous rejections, the examiner will simply reopen prosecution. It is really quite sickening if you ask me.

Edward Heller July 19, 2016 6:43 pm

Gene, speaking of “left to rot waiting,” at least some patent term might be restored. But then consider reexaminations that have been known to extend for more than a decade, the entire time the patent being unenforceable. What matters that the claims might ultimately be confirmed, or that new or amended claims be added. The delay alone destroys the patent. The existence of reexaminations is destructive.

Now, even though IPRs are faster, they are conducted with no presumption of validity, and where the same panel decides both to institute and the final decision, effectively asking the patent owner to convince the panel that they were initially wrong. A hard task as witnessed by the rate patents die in IPRs. The backers of IPRs fully intended they be a killing field.

Anon July 19, 2016 8:33 pm

Mr. Heller, whenever you start to complain about the loss of the presumption of validity, I cannot help but return to the sticks in the bundle of property rights discussion.

Your own complaints align with the views that I have expressed concerning sticks that have been taken.

I merely have asked you at what point that *that* taking occurs.

That point occurs at the initiation point – completely separate from ANY further adjudication on the merits. You suffer THAT loss at THAT point. THAT loss, THAT taking has a material effect (as your own complaints seem to indicate that belief). THAT taking occurs (per the recent court ruling) with NO

The Board of the Patent Trial and Appeal Board, IPWatchdog.com Patents & Patent Law
Article III court review, and certainly, THAT taking occurs with zero recompense to the patent holder. And lest we forget, THAT taking occurs at the undocumented “reasoning” of the political body of an officer of the executive branch.

You refuse to even take one step in that discussion, and for the life of me I cannot figure out why. For someone who is so adamant that a patent is a property right, you seem to not want to admit basic characteristics of property at law (the concept of sticks in the bundle of property rights). For some unknown reason you insist instead on a “All or Nothing” view of what a taking means.

Night Writer July 20, 2016 7:45 am

OT, but does anyone know of a good claims drafting seminar only for people with lots of experience?

(I am a person with a fake name and fake email address. My biases are that I work for a large law firm and do a lot of prosecution.)

Alex July 20, 2016 10:18 am

“But if the Alice problems are so serious and so significant that the extraordinary measure of reopening prosecution and not effectuating the decision of the Board is being made, why didn’t the Board notice the Alice problems and issue their own new ground of rejection?”

The rumor around the office is that the PTAB doesn’t actually want to take a position on Alice because it’s still be pseudo-litigated (eg. DDR and that new one are constantly changing how to analyze it). So they throw it back to the TC to make the Alice rejection.

I disagree with Quinn here that reopening for Alice isn’t an “extraordinary” reason, mainly because it determines if the patent is statutory or not, which is the definition of “extraordinary”

Gene Quinn July 20, 2016 10:34 am

Alex-

You can disagree with me all you want, but clearly the reopening for Alice is an abuse of discretion. Whether you want to admit that is irrelevant.

Case 1:18-cv-02800 Document 1-13 Filed 11/30/18 Page 216 of 715
The Patent Office cannot allow an applicant to sit on appeal for 5 or 7 years only to have the Board decision have no effect. These examiners and TC Director Vidovich had absolutely no intention of ever issuing these patents. Alice was decided YEARS before these cases were reopened for prosecution. They are making a mockery out of the system. The fact that you are OK with this and believe that harassing applicants in this fashion is appropriate speaks more about your and your philosophy than anything else.

Edward Heller July 20, 2016 12:26 pm

anon@61, I hear you that the filing of an IPR is somewhat of a disaster to a patent owner, and can drop his company's stock price like a rock. Still, it is the existence of IPRs that is the problem, not the filing of IPRs. The existence of IPRs by itself has dropped the value of patents by two thirds.

But, if you would like to present your views to the Supreme Court, I urge you to file an amicus brief when our petition for writ of certiorari has been granted.

We file our reply brief today.

mike July 20, 2016 12:39 pm

I don't remember reading any appeals in which the PTAB reversed 112, 102, or 103 rejections and issued an Alice rejection as a new ground of rejection. I have read a great number of appeals in which the PTAB suggested that if prosecution were reopened, the Examiner should consider whether the claims should have been rejected under 101 in view of the Alice decision. One specific example from today:

"In the event of further prosecution, including any review for allowance, we invite the Examiner's attention to the question of whether the claims are patent-eligible under 35 U.S.C. § 101. Alice Corp. Pty. Ltd. v. CLS Bank Int'l, 134 S. Ct. 2347, 2355-56 (2014). Regarding at least method claim 31, but for the recitation of a processor, a question arises as to whether a person would be capable of performing the contested steps or acts as mental steps, or with the aid of pen and paper. See Cy her Source Corp. v. Retail Decisions, Inc., 654 F.3d 1366, 1375 (Fed. Cir. 2011) ("That purely mental processes can be unpatentable, even when performed by a computer, was precisely the holding of the Supreme Court in Gottschalk v. Benson"). Moreover, "a method that can be performed by human thought alone is

merely an abstract idea and is not patent-eligible under § 101.”

CyberSource, 654 F.3d at 1373. We have decided the issues before us. We leave further consideration of this § 101 issue to the Examiner.”

Curious July 20, 2016 1:57 pm

I don't remember reading any appeals in which the PTAB reversed 112, 102, or 103 rejections and issued an Alice rejection as a new ground of rejection.

I jumped onto the Board's search engine and typed as a search term:

3600 and "new grounds" and 101

It only took me the third result (Appeal No. 2013-009746) to find a decision in which claims 15-23 were reversed (claim 24 was affirmed) but new grounds of rejection (Alice 101) was entered as to claims 15-24. From the time I read your comment to the time I posted this — probably 3 or 4 minutes.

Gene Quinn July 20, 2016 2:52 pm

Mike @66-

Did you actually read the article and look at the supporting documents? I don't know how you could have looked at the documents I provide and reach your conclusion, which is erroneous.

See Application No. 12/429,881 (Board reverses on 102 and 103 and prosecution reopened on June 30, 2016 for Alice rejections).

See Application No. 11/754,676 (Board reverses on 101, 103 and 112 and prosecution reopened on February 8, 2016 for Alice rejections).

See Application No. 13/031,645 (Board reverses on 101, 103 and 112 and prosecution reopened December 3, 2015 for abstract idea rejection not citing Alice).

See Application No. 12/119,593 (Board reverses on 101, 102, 103 and 112 and prosecution reopened September 4, 2015 for Alice rejections).

There are just examples from the documents I cited in the article. I've left out all the single issue 103 reversals that then lead to Alice rejections.

Clearly, what you say you haven't ever seen happen has happened multiple times even with this very small representative set.

l. **Sam** July 20, 2016 4:39 pm

It is interesting you have written about this director. I do believe more detailed investigation needs to be done here. It's true that PTAB decisions are re-opened for adding Alice rejections when the cases weren't remanded even. Yet there is even more to this. But first, it's not all the examiners who are doing the bad job. I believe it's possible that a lot of these Alice decisions are management and this director. It seems he may have pulled issued/allowed applications and forced examiner's to do 101 rejections. This is after my colleagues and I had worked with examiners to find ways to overcome the Alice rejections (with amendments and solid case law arguments) which even examiners agreed with. After talking to the examiners it seems they are then forced to come up with arguments and rejections they themselves disagree with. This TC director could possibly be preventing even Applicants and examiners to come to a resolution on Alice. It looks like this director prides himself with low allowance rates using Alice, has a personal issue with every single application coming into 3600, and/or maybe there is a lack of understanding computing and software engineering arts. A little research revealed that Vidovich was a mechanical examiner and a spe in a mechanical art unit (you can search and find applications he has worked on in the past before he was director – see Google patents for a quick search). Yet he was made a TC director of computing/software/business method art units. He has had limited experience dealing with 101s throughout his career especially in the art unit/units he is made in charge of now. Possible power trip issues here and maybe even abuse of authority in this case by this director over PTAB, examiners, and applicants. But I would like a thorough investigation on what is actually going on and why are even allowances being pulled. Clearly there would be no incentive for examiners to work with applicants and attorneys as they know it's safer to keep rejecting then to be reviewed and overturned by the director, and then to deal with rejecting a case they agreed overcame 101. attorneys have also have read up and worked with Alice decision and the subsequent cases that came and further genuinely worked with experienced examiners. Unclear why this director has not been questioned on his practices by management and how he is more qualified then anyone else to make final calls on 101.

Second the PTAB is not at all doing its job either. Looking at the above cases and reviewing a few more, it is apparent they don't provide much explanation in their decisions as they should. Their reasoning and proper analysis is to guide examiners and it seems one cannot see as such. They seem to make quick decisions and leave further analysis open. I am all for winning at the board but it's true we cannot, as of now, avoid the re-openings. But if PTAB did a thorough job and not give unexplained decisions, I believe the director and examiners will be more bound to that decision. The PTAB could have easily stated that the application(s) passes 101 as they should know the current state of things. Yet they have refused to mention it all when passing decisions (and it's 3 of them working on one

case). The PTAB practices also need to be investigated and written about as incompetency is replete there too. But maybe it's not incompetency and everyone just wants to pass the decision buck around and the applicant is stuck with the examiner as their only way out (who in turn, as it seems, have no concrete authority to work with applicants). I feel that maybe a new external hire director should be made in charge of TC 3600 which could provide a refreshing outlook for both applicants and maybe even examiners alike. Maybe this is just wishful thinking...

Anon July 20, 2016 7:19 pm

Mr. Heller @ 65,

Once again, you opt out of a conversation. Why is that?

Further, for obvious reasons of maintaining anonymity, I will not be filing a brief. However, there is nothing stopping you from taking the conversation that I am attempting to have with you and (if you are granted cert) having that very same conversation with the Court.

Of course, it then would behoove you to actually flesh out that conversation (perhaps not with me on a public forum – but at least engage in the concepts).

Alex July 20, 2016 7:57 pm

@64

Well, no, Quinn, if you'd read what I said I didn't support any abuse of the applicant.

What I find interesting is this: "Alice was decided YEARS before these cases were reopened for prosecution. They are making a mockery out of the system. "

There are two implied positions here

- 1) that because Alice was decided years ago, that means that it's not valid to reopen if the application is deserving of a rejection
- 2) that reopening for a Alice rejection is a "mockery" of the system

You can't possibly be suggesting that if a patent application has a valid, blatant 101 Alice issue, that it shouldn't be reopened to make that rejection.

At least I hope that's not what you're saying.

Gene Quinn July 20, 2016 11:32 pm

Alex-

First I did read what you wrote. Second, you need to wake up and start reading... and trying to comprehend... what it is that I'm saying.

What you are saying is it is appropriate for applicants to sit and wait for 2 years AFTER Alice has been decided and then have prosecution reopened once they where completely victorious. So for those 2 years AFTER Alice that they were just sitting there on appeal the examiners and TC Director knew full well they were not going to issue the patent regardless of the Board decision. That is DISGUSTING. This is particularly sickening given how often prosecution is reopened in TC 3600, period. Perhaps you saw the article today about how often prosecution is reopened thwarting appeals. See:

<http://www.ipwatchdog.com/2016/07/20/prosecution-reopened-examiners-stop-applicants-appealing/id=71087/>.

I'm not really sure why you can't understand that the Board has the authority to issue a new ground of rejection, which they do do. They also have the authority to remand to the examiner. The did neither, which means they did not see any Alice problems.

Finally, you imply that the problems with these patents are "blatant 101 Alice issues." If they were so blatant why didn't the Board issue their own ground of rejection or at least remand?

Really, your logic (or lack thereof) is troubled to say the least. Making counterfactual statements and then pretending they support you and make me wrong isn't very becoming. It makes your position look weak and looks like you really don't understand what is going on here.

-Gene

Night Writer July 21, 2016 7:01 am

Maybe what the board should have done after Alice is said that the law has radically changed and given everyone on Appeal an option of re-opening prosecution immediately with a free response from the Examiner regarding 101. The details of the procedure would have to be worked out, but basically giving them the right to demand the Examiner provide new arguments with Alice for 101.

Seems like the real problem is that the SCOTUS radically changed patent law with case law. In other words, it is pretty clear what the SCOTUS did was unconstitutional and the problems at the board are

just one of the many consequences of this.

KenF July 21, 2016 9:58 am

Been out for a few days, so haven't followed closely lately.

For anyone who still doesn't think folks at the PTO play games, let me offer this. I just filed an appeal in a case where the Examiner seems to be doing just that. The central issue on appeal is what it means for a gaming machine to be "being played." (Yes, that seemingly easy-to-understand concept, which has not been given any sort of special meaning in the spec'n, is under appeal.) Trying to show by comparison to other adjudicates cases that the Examiner's position is overstrained and untenable, I cited to the recent case of *In re Imes*, in which case the examiner's position that transferring data between devices using a flash drive constitutes wireless communication — a concept we all understand quite clearly in this modern era of WiFi, cellular transmissions, etc. — was held to be "inconsistent with the broadest reasonable interpretation in view of the specification." The Examiner's response in my case? "Re. 'wireless communication', addressing the phrase "being played" is the key part of the argument, not 'wireless communication'."

So either the PTO has as a primary examiner someone who is incapable of understanding the point of an argument that relies on comparison, or we have someone who just thinks prosecution is supposed to be a game of "catch-me-if-you-can." In my experience with primaries, who often think they can do no wrong, it is, unfortunately, frequently the latter.....

So all this nonsense we see coming out about quality patents, well, forgive me if I scoff at it.....

KenF July 21, 2016 9:58 am

Follow-up:

There have been 9 actions and 4 RCE's in this case. Enough is enough

mike July 21, 2016 3:02 pm

Curious @67, Gene @68 –

I'm sorry, it appears that neither my observation nor the thrust of my argument were as clear as I thought they would be. I did not intend to imply that I had searched the appeals database and could

find no 101 new rejections applied by the board. However, I skim several new appeal decisions a week as light reading when I have a few minutes, and although I couldn't remember any specific 101 new rejections off the top of my head, I was struck by the number of times that, although the PTAB did not designate a new ground of rejection under Alice, they appeared to recommend that if prosecution were continued, an Examiner would be a fool not to issue an Alice rejection if prosecution were reopened. And so they do.

I agree with Gene @64 that reopening prosecution only to issue a boilerplate Alice rejection is at least harassment, if maybe not technically an abuse of discretion. However, it seems that, in contrast to Gene @72 (concluding that if the PTAB saw Alice issues they would issue their own rejection), the PTAB decisions are written in a way to actively encourage Examiners to seek out new Alice rejections in many if not most reopened prosecutions. If I were a patent examiner, I would certainly take the sense of these decisions to indicate that I should ALWAYS be looking to apply an Alice rejection on reopening prosecution, whether the PTAB mentions it or not.

This is just one more way to make patent prosecution prohibitively expensive and encourage applicants to leave with nothing.

Alex July 23, 2016 2:51 am

@72

Then your problem is with the cowardly PTAB not issuing a new grounds of rejection when they know what the examiner is going to do because they *told* the examiner to do it.

Another Anon August 29, 2016 2:10 pm

Gene,

Here are some more appeals where the examiner was reversed on 102/103, but prosecution was reopened, by Greg Vidovich as TC director, with only a 101 rejection.

12/275,232

11/898,482

12/623,015

Also see 12/366,322.

Prizzi's Glory September 1, 2016 1:57 pm

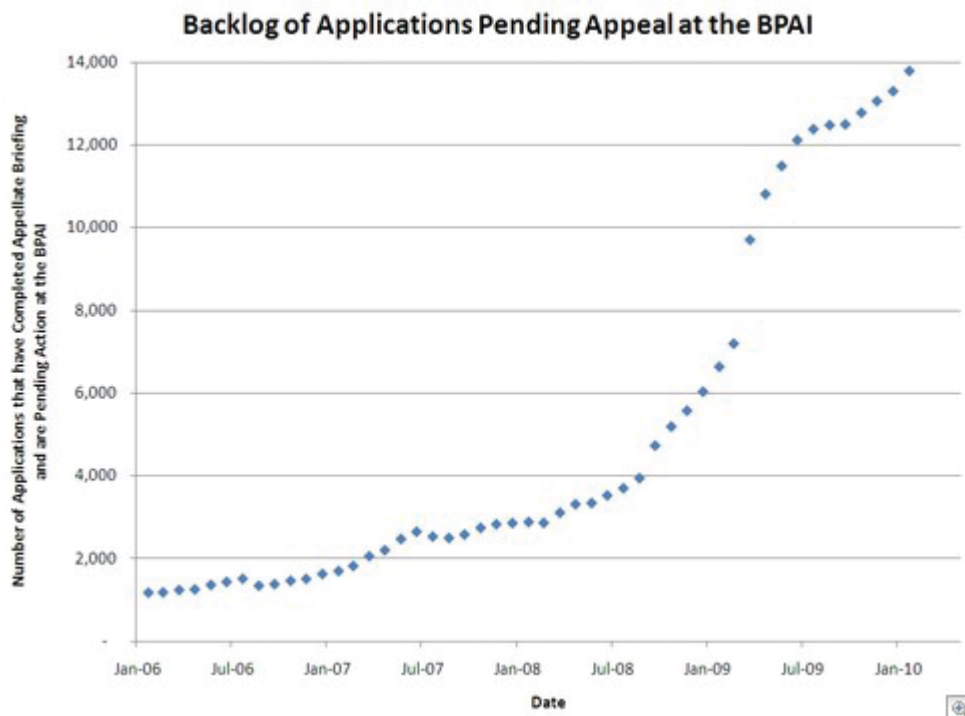
I read through the '232 Application. Registering refers to updating or adding data to a database. A database is a well-defined non-volatile structure in a computer memory. Human minds alone are unable directly to add data to a well-defined structure in a computer memory. Adding data to a database or updating a database requires I/O and is therefore not effectively computable in the sense described by the last non-final rejection, which must be considered goobledygook and gratuitous.

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The Timeliness of the En Banc Rehearing of *Hyatt v. Kappos*

🕒 February 18, 2010 ⚡ Enablement, Federal Circuit En Banc 👤 Dennis Crouch

The pending *en banc* case of *Hyatt v. Kappos* is more important now than ever before because the Board of Patent Appeals and Interferences (BPAI or Board) is deciding more appeals than ever before. The chart below reflects the number of applications with completed appellate briefing that are pending resolution at the BPAI. As active patent prosecutors are well aware, this chart only reveals a small portion of a complex problem. Appeal briefing has largely become an ordinary part of patent prosecution practice. Most cases where appeal briefs are filed do not actually reach a BPAI decision. Rather, in most cases the examiner withdraws the standing rejection rather than pursue the appeal. In this system, appeal briefs have largely become a priced commodity rather than an all-out factual and legal effort.



In *Hyatt v. Kappos*, the *en banc* Federal Circuit is focusing on the amount of new evidence that can be presented when challenging a BPAI decision in Federal District Court under 35 USC 145. The **panel decision** held that the district court properly refused to allow Hyatt to submit additional expert testimony that went beyond the arguments presented to the BPAI. Judge Moore dissented from that holding and instead argued that the right to a “civil action” under Section 145 includes a right for a *de novo* consideration of patentability.

The issues raised in *Hyatt v. Kappos* are now important for many patent applicants because of the cost-pressures of appeal briefs and the high-likelihood that rejections will be withdrawn based on the briefing. Typical Applicants *do not* submit substantial additional evidence of

patentability during the appeal process. However, under *Hyatt*, the applicant would be barred from substantially adding to the record in a subsequent civil action.

About Dennis Crouch

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US Government Asks for Increased Deference When Patent Applicants Challenge BPAI Decisions in Court

🕒 April 11, 2011 🔖 AIA Trials, anticipation, Enablement, Federal Circuit En Banc, Licenses, obviousness, PGR, Supreme Court, Venue, Written Description 👤 Dennis Crouch
Kappos v. Hyatt (On petition for writ of certiorari, 2011) ([Download Hyatt.GovtBrief](#))

Although the US Patent & Trademark Office (USPTO) and the Department of Justice (DOJ) have been at odds on the issue of the patent eligibility of genetic material isolated from a living organism, the two agencies are speaking with one voice against the Federal Circuit's recent [decision in *Hyatt v. Kappos*](#). In that *en banc* opinion, the court broadened a patent applicant's rights associated with the "remedy by civil action" provided by [Section 145 of the Patent Act](#). Under § 145, an applicant can file a civil action in DC District Court whenever "[a]n applicant dissatisfied with the decision of the Board of Patent Appeals and Interferences."

In a 6-2-1 decision, the Federal Circuit reversed its prior precedent and held that a patent applicant is allowed to introduce new evidence in a Section 145 civil action filed to challenge a USPTO refusal to grant patent rights and that the *issues* implicated by the new facts must be considered *de novo*.

Judge Moore wrote in the majority opinion that:

[W]e hold that the only limitations on the admissibility of evidence applicable to a § 145 proceeding are the limitations imposed by the Federal Rules of Evidence and Federal Rules of Civil Procedure. Therefore, we hold that the district court applied the wrong legal standard for the admissibility of evidence in a § 145 proceeding and abused its discretion when it excluded Mr. Hyatt's declaration. . . .

The particular significance of a § 145 civil action is that it affords an applicant the opportunity to introduce new evidence after the close of the administrative proceedings—and once an applicant introduces new evidence on an issue, the district court reviews that issue de novo.

However, the Court also held that an applicant may still be barred from presenting new "issues" in the civil action and that, when no new evidence is presented, that BPAI findings and rulings should be given deference under the Administrative Procedures Act.

Petition for Writ of Certiorari: In its petition to the Supreme Court, the US Government argues that the Federal Circuit decision is faulty because it "disregards fundamental principles of administrative law" and diverges from the traditional understanding of the statute.

Getting from the PTO to the Court: After losing at the Board, an applicant has two primary avenues for challenging the Board's decision: (1) Appeal to the Court of Appeals for the Federal Circuit under 35 U.S.C. § 141; or (2) File a civil action in district court under 35 U.S.C. § 145. In *Dickinson v. Zurko*, the Supreme Court held that Federal Circuit direct review of BPAI decisions under Section 141 must follow the deferential standards that govern judicial review of final agency action under the Administrative Procedure Act (APA). 527 U.S. 150 (1999). In that decision, the Supreme Court distinguished between Section 145 and Section 141 actions – noting that Section 145 actions "permit the disappointed applicant to present to the court evidence that the applicant did not present to the PTO." However, the court did not address the particular circumstances in which new evidence may be permitted nor did it address how the new evidence should be treated.

Here, the government asks the Supreme Court to fill the gap in *Zurko* by holding that:

1. The plaintiff in a Section 145 action may not introduce new evidence that could have been presented to the PTO in the first place; and
2. When new evidence is introduced, the district court should still give deference to the prior decisions of the PTO.

Background: Gilbert Hyatt is a well-known inventor and successful patentee. Hyatt filed a civil action in 2003 after the BPAI sustained written description and enablement rejections for seventy-nine of Hyatt's claims. The examiner had issued "2546 separate rejections of Mr. Hyatt's 117 claims" based on the doctrines of inadequate "written description, lack of enablement, double patenting, anticipation, and obviousness." The Board reversed all of the examiner rejections except for the § 112 p1 arguments. Complicating this case is the fact that the application's claimed priority date is 1975. Hyatt has aggressively pushed the bounds of USPTO practice. This decision is one of more than a dozen Federal Circuit decisions focusing on Hyatt's patent rights. If the Supreme Court takes the case, it will be the second for Hyatt who won a 2002 case against California income tax collectors. In that case, California was pursuing Hyatt for tax revenue for his patent licenses. Hyatt took the case to the Supreme Court and eventually won a \$388 million judgment against the state of California for invasion of privacy.

About Dennis Crouch

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USPTO vs Hyatt: When an Applicant has Too Many Patent Applications

🕒 November 11, 2014 👤 Dennis Crouch

Hyatt v. USPTO, Case No. 14-1300 (E.D.Va. 2014) [[Hyatt Motion to Dismiss](#)]

Earlier this year, **Gilbert Hyatt** sued the USPTO for unreasonably delaying examination of 80 of his pending patent applications — many of which have been pending for decades. See Crouch, *Three Generations of Poor Examination are Enough*. That case has been transferred from Nevada to Virginia but is otherwise still pending. In its most recent motion to dismiss, the USPTO explained its delay in action — noting that Hyatt has 399 pending patent applications that include a total of over 100,000 claims that apparently all have a pre-URAA (1995) filing date. While the USPTO admits that it stayed prosecution of most of Hyatt's cases from 2002-2012, it started examining them again in 2013. Because of the many overlapping applications held by a single entity, the USPTO has required Hyatt to “streamline” his applications. The USPTO writes in its brief:

What Mr. Hyatt's Complaint fails to acknowledge is that the 80 pending applications at issue represent roughly one-fifth of 399 applications he has pending before the USPTO, which contain an estimated total of 115,000 claims; that the size, volume, and interconnectedness of these 399 applications have created extraordinary challenges for the USPTO in examining his applications; that, faced with these challenges, the USPTO, last year, commenced a renewed effort to bring order and finality to Mr. Hyatt's applications by requiring Mr. Hyatt to take certain steps to help organize and streamline his applications; and that, in response to that effort, prosecution is now actively ongoing in Mr. Hyatt's applications, with Mr. Hyatt amending many of his claims and engaging in an iterative process with the 14 patent examiners who the USPTO has dedicated to working full-time on his applications.

The basic argument in the case is that the USPTO is now working on the applications and that there is therefore no role for the courts to play in ordering the applications to be moved forward.

I agree with the USPTO that 100,000 claims is quite a few, although it is fairly small compared with the more than 7.5 million claims that I estimate were disposed-of in 2013 (either allowed or abandoned). Part of the problem is apparently the number of claims-per-patent-application. The USPTO writes: “almost every one of Mr. Hyatt's pending applications has one of the largest claim sets that the USPTO has ever encountered in any application.” The USPTO is correct that such large claim sets are rare. From my database, I found that — out of the 200,000+ patents issued thus far in 2014, only six have more than 300 claims. (See. e.g., [Patent No 8,694,657](#)).

Under the streamlining procedures outlined above, the USPTO first grouped the applications into 12-families and is now requiring:

1. That Hyatt select no more than 600 claims per patent family; and
2. That Hyatt identify the earliest claimed priority date for each claim selected.

To move all of this forward, the USPTO has assigned 14 primary examiners to Hyatt's cases. Based upon prior history – I suspect that number won't be enough to keep up with Hyatt!

About Dennis Crouch

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May 4, 2015

Week Ahead in Intellectual Property: May 4, 2015

Andrew Chung

(Reuters) - Here are some upcoming events of interest to the intellectual property community. All times local.

Monday, May 4

A hearing will take place in federal court in Newark, New Jersey on former vice-presidential candidate Sarah Palin's and political action committee SarahPac's motion to enforce a \$15,000 settlement over the use of a now iconic 9/11 photo, owned by publisher North Jersey Media Group, of firefighters raising the American flag on the ruins of the World Trade Center site. The publisher said the parties could not agree on a confidentiality clause. The case is North Jersey Media Group Inc v. SarahPac, Sarah Palin et al, in the U.S. District Court for the District of New Jersey, No. 14-cv-553. For the plaintiff: William Dunnegan of Dunnegan & Scileppi. For the defendants: Brian Farkas of Goetz Fitzpatrick.

Tuesday, May 5

5:30 p.m. - The Bar Association of San Francisco presents a seminar on the evolving law and policy of stem cell medicine, including a discussion of how IP laws can protect such discoveries. See www.sfbar.org.

Wednesday, May 6

10 a.m. - Oral arguments will take place before a panel of judges at the U.S. Court of Appeals for the Federal Circuit involving major patent aggregator Intellectual Ventures and Capital One Financial Corp. Intellectual Ventures is appealing a ruling from a federal court in Alexandria, Virginia involving the interpretation of one of its patents, which led to the patent's removal from the 2013 suit between the two, and a subsequent ruling that two other patents were invalid. The case is Intellectual Ventures I LLC et al v. Capital One, National Association et al, in the Federal Circuit, No. 14-1506. For Intellectual Ventures: Thomas Burns of Adduci Mastriani & Schaumberg. For Capital One: Matthew Moore of Latham & Watkins.

10 a.m. - A panel of the U.S. Court of Appeals for the Federal Circuit will hear oral arguments in a dispute between inventor Gilbert Hyatt and the U.S. Patent and Trademark Office. Hyatt says the U.S. District Court for the Eastern District of Virginia should not have dismissed for lack of jurisdiction his lawsuit alleging the PTO was threatening to publish confidential information about some of his patent applications. The case is Gilbert Hyatt v. USPTO, in the Federal Circuit, No. 14-1596. For Hyatt: Aaron Panner of Kellogg Huber Hansen Todd Evans & Figel. For USPTO: Nathan Kelly, Solicitor.

Friday, May 8

10 a.m. - A panel of the U.S. Court of Appeals for the Federal Circuit will hear oral arguments in a trademark dispute over a paw design between sports outfitter Jack Wolfskin Austrustung and New Millennium Sports. The Trademark Trial and Appeal Board agreed with New Millennium that Jack Wolfskin's application for a paw design would likely

cause confusion with its Kelme brand and logo. The case is Jack Wolfskin Ausrüstung v. New Millennium Sports SLU, in the Federal Circuit, No. 14-1789. For Jack Wolfskin: Richard Lehv of Fross Zelnick Lehrman & Zissu. For New Millennium: Philip Bautista of Taft, Stettinius & Hollister.

Know of an event that could be included in Intellectual Property Law? Contact Andrew Chung at andrew.chung@thomsonreuters.com.

--- Index References ---

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October 12, 2015

Week Ahead in Intellectual Property: Oct. 12, 2015

(Reuters) - Here are some upcoming events of interest to the intellectual property community. All times local.

Tuesday, Oct. 13

8 a.m. - A jury trial continues in San Jose federal court before U.S. Magistrate Judge Paul Singh Grewal pitting Corning Optical Communications Wireless Ltd, which develops and sells antenna systems that enhance wireless coverage in large venues, such as airports and stadiums, against defendants Solid Inc and Reach Holdings LLC. Israel-based Corning says the defendants' manufacture and sale of rival multicarrier distributed antenna systems infringes its patent, while Solid, of South Korea, and its American distributor Reach deny infringement and claim the patent is invalid. The case is Corning Optical Communications Wireless v. Solid Inc et al, in the U.S. District Court for the California Northern District, No. 14-cv-3750. For Corning: Chad Stover of Barnes & Thornburg. For Solid: Sean Platt and Tharan Lanier of Jones Day.

12 p.m. - George Washington University Law School will hold a roundtable discussion with patent field leaders on how post-grant proceedings at the Patent Trial and Appeal Board have changed the practice of patent law. For more, visit www.law.gwu.edu.

Friday, Oct. 16

9 a.m. - A Markman hearing is scheduled before U.S. Magistrate Judge Roy Payne in Marshall, Texas, in a patent infringement lawsuit filed by Mobile Telecommunications Technologies LLC (MTel) against Samsung Electronics Co Ltd. MTel, a Lewisville, Texas-based patent licensor, alleges Samsung infringes five patents related to two-way communications systems with its Galaxy series of smartphones and tablets. The case is Mobile Telecommunications Technologies LLC v. Samsung Electronics Co Ltd, in the U.S. District Court for the Eastern District of Texas, No. 15-cv-183. For MTel: Daniel Scardino and Craig Jepson of Reed & Scardino. For Samsung: Mark Davis of Greenberg Traurig.

10 a.m. - A hearing is set before U.S. District Judge T.S. Ellis in Alexandria, Virginia, in a case brought by inventor Gilbert Hyatt, who sued the U.S. Patent and Trademark Office in 2014 claiming that the agency has allowed 80 of his patent applications - most filed prior to June 1995 - to languish for decades. The agency has argued that the applications are part of a larger suite of pending, interrelated filings and that the case is complicated. Both sides have filed motions for summary judgment. The case is Gilbert Hyatt v. U.S. Patent and Trademark Office et al., No. 14-cv-1300, in the U.S. District Court for the Eastern District of Virginia. For Hyatt: Aaron Panner of Kellogg Huber Hansen Todd Evans & Figel. For the PTO: Lauren Wetzler, U.S. Attorney's Office.

Know of an event that could be included in Intellectual Property Law? Contact Andrew Chung at andrew.chung@thomsonreuters.com.

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Working through Old Patent Applications

🕒 August 21, 2015 📍 USPTO Director 👤 Dennis Crouch

The decision in *Hyatt v. Lee* (Fed. Cir. 2015) included a citation to a June 2013 **letter submitted by then Acting Director Terry Rea** to the Senate Judiciary Committee. The letter was submitted in a response to a Senate request for information regarding still pending patent applications filed pre-GATT.

Rea reported that 482 applications are still pending that were filed prior to June 8, 1995. That cutoff is important because those applications – if ever issued as patents – will be entitled to 17-year patent terms following the issue date. Applications filed since that date are given 20-year terms that begin counting at the application filing date.

The letter goes on to list the serial number, inventor, assignee, priority date, and other information for each of the 482 applications.

Leading the pack is **Gilbert Hyatt** with 399 applications pending. Runner-Up is **Personalized Media Communications** (John Harvey) company with 38 applications pending. The remaining ancient-application-owners are all smaller players with only one or two pending (as of 2013). These include UCB Pharma; Boeing; US Dept of HHS; Sanofi-Aventis; and US Smokeless Tobacco Company, as examples.

Although the letter does not so indicate, it is apparent to me that the data does not include applications kept from issuing due to secrecy orders. On example is recently issued U.S. Patent No. 9,057,604 that was filed as an application in 1989 but did not issue till 2015 because of a secrecy order by the U.S. Government. Since Rea's letter, 30 of Harvey's patents have issued. [See link.](#)

About Dennis Crouch

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Written Description: CAFC Finds Prima Facie Rejection

🕒 July 1, 2007 📌 Written Description 👤 Dennis Crouch

Hyatt v. Dudas (Fed. Cir. 2007)

Under MPEP guidelines, the addition of new claims limitations lightens the examiner's burden of proving inadequate written description. In particular, Section 2163.04(I)(B) provides for a Section 112 rejection of a newly amended claim where "Applicant has not pointed out where the new (or amended) claim limitation '____' is supported, nor does there appear to be a written description of the claim limitation in the application as filed."

In this case, Gilbert Hyatt had filed a new set of claims in a continuation (claiming priority back to 1970's) and the examiner rejected those claims for lack of written description. Without arguing the merits, Hyatt focused his appeal on the examiner's failure to provide a prima facie case — and the legal founding of the MPEP provision.

During prosecution, the PTO is given the initial burden of providing a prima facie case for any rejection. The rejection must include at least some specifics regarding problems with the claims. However, that requirement can be met through an explanation of "what, in the examiner's view, is missing from the written description."

MPEP is OK: The CAFC found that MPEP 2163.04(I)(B) is properly written because it requires specific recitation of the problematic claim language (as opposed to a vague general rejection)

[S]ection 2163.04(I) expressly instructs the examiner to specify which claim limitation is lacking adequate support in the written description.

Specifics?: The examiner's written description rejection asserted that the claimed combination was not adequately described (although each particular element was described). After reviewing the rejection, the CAFC found that the examiner's focus on "support for linkage" was sufficient to "clearly notif[y Hyatt] of what exactly the examiner felt was missing by way of written description." This shifted the burden going forward, and consequently, Hyatt is now under a duty to bring-forth the requested descriptive evidence.

Notes:

- Gilbert Hyatt is known for receiving a broad patent on the microcontroller. (That patent was later invalidated in an interference with TI).
- Before the patent was invalidated, Hyatt received \$70 million+ in royalties.
- California wanted Hyatt's taxes and took the case to the Supreme Court. (*California v. Hyatt*)

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Exhibit HH

Exhibit II

S. HRG. 112-558

**OVERSIGHT OF THE U.S. PATENT AND TRADE-
MARK OFFICE: IMPLEMENTATION OF THE
LEAHY-SMITH AMERICA INVENTS ACT AND
INTERNATIONAL HARMONIZATION EFFORTS**

HEARING

BEFORE THE

COMMITTEE ON THE JUDICIARY

UNITED STATES SENATE

ONE HUNDRED TWELFTH CONGRESS

SECOND SESSION

JUNE 20, 2012

Serial No. J-112-81

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**OVERSIGHT OF THE U.S. PATENT AND TRADE-
MARK OFFICE: IMPLEMENTATION OF THE
LEAHY-SMITH AMERICA INVENTS ACT AND
INTERNATIONAL HARMONIZATION EFFORTS**

WEDNESDAY, JUNE 20, 2012

U.S. SENATE,
COMMITTEE ON THE JUDICIARY,
Washington, D.C.

The Committee met, pursuant to notice, at 10:07 a.m., in room SD-226, Dirksen Senate Office Building, Hon. Patrick J. Leahy, Chairman of the Committee, presiding.

Present: Senators Leahy, Feinstein, Whitehouse, Klobuchar, Coons, Grassley, Hatch, Lee, and Coburn.

**OPENING STATEMENT OF HON. PATRICK J. LEAHY, A U.S.
SENATOR FROM THE STATE OF VERMONT**

Chairman LEAHY. Mr. Kappos, if you could take a seat there, I will explain what we are doing. Normally, I am one that likes to take pictures. I am more interested in taking them than being in them, but this is one where Mr. Kappos and I both were at the signing of the Leahy-Smith America Invents Act, and you can see both of us and, of course, the President. And I am standing there because I am trying to take a picture of the President's hand signing the bill. Over the years, I have been able to get pictures of Presidents Ford, Carter, Reagan, both Bushes, Clinton, and Obama, pictures of their hands, because no other photographer stands behind the President when he is signing a bill. But this particular picture, Mr. Kappos, as I mentioned to you, has special significance to me because it was taken by my son-in-law, who is one of the President's photographers, and we just wanted you to have it.

Nine months ago, the U.S. Congress did something that has become all too rare. It sent to the President bipartisan legislation that is going to unleash American innovation to create jobs and improve our economy. The Leahy-Smith America Invents Act, signed by the President last September, was the product of more than 6 years of hearings and markups, and I thank all the Senators on both sides of the aisle that came to all those hearings and markups. And we had countless hours of meetings and negotiations, Republicans and Democrats, Senate and House, sitting down together and working on legislation the way we used to, the old-fashioned way.

(1)

The patent reform process was bipartisan and bicameral effort right from the outset. Every member of this Committee made important contributions to the legislation. Director Kappos' leadership was also invaluable to this process. I had known him before from his days in the corporate world. He did not need a tutorial to know what was necessary. And Ambassador Locke, who was Secretary of Commerce when the Senate first passed the America Invents Act in March, I think of all the number of times that Gary Locke sat in long meetings with all of us, Republicans and Democrats, to work this out.

But the Act creates a more effective, efficient, and streamlined patent system that will get the highest-quality patents to issue from the PTO as quickly as possible. It required major structural changes to the system of granting and enforcing patents, and that will take the PTO time and work to implement.

But it has begun. So far, the PTO has initiated more than 10 different rulemakings and hired more than 800 examiners and 40 administrative patent judges. It has conducted seven road shows across the country to explain and receive feedback on proposed rules, and I appreciate this transparent manner where not just people in Washington but people in other parts of the country can have their input.

I am pleased that even before the Act is fully implemented the PTO has focused on reducing the backlog of patent applications. Over the last 2 years, the backlog has been reduced roughly 12 percent, and I want these numbers to continue to improve.

But speed is only one part of the equation. The patents that are issued need to be of high quality, because if they are not, instead of being an incentive to inventions, they are going to impede innovation. We have in the Leahy-Smith bill important quality controls.

We also need to do more to protect American investors in overseas markets. We should encourage other nations to adopt a grace period similar to in our law.

We can make it easier for American inventors to seek patent protection abroad by implementing the Patent Law Treaty and the Geneva Act Treaty on design patents. Those have been supported by both the Bush and the Obama administrations, so I hope, following the bipartisan example of President Bush and President Obama, that we can implement legislation in the same bipartisan and bicameral manner as we did on patent reform.

So I think this is an efficient and effective patent system, and this was one that had not been updated for half a century. This will unleash American innovation and improve the American economy.

So we have done our part in Congress, and I look forward to hearing from the Director about the steps the administration is taking to ensure the Leahy-Smith America Invents Act fulfills its potential as I believe we are creating the first truly 21st century patent system.

I will put my full statement in the record.

[The prepared statement of Chairman Leahy appears as a submission for the record.]

Chairman LEAHY. Senator Grassley.

**STATEMENT OF HON. CHUCK GRASSLEY, A U.S. SENATOR
FROM THE STATE OF IOWA**

Senator GRASSLEY. I will likewise put a full statement in the record and refer to a couple points.

First of all, Senators Leahy and Hatch and Members of the House who were involved in this, you need to be complimented for having the most comprehensive reform of patent law since the 1836 patent law. It is a product of 6 years. The America Invents Act makes the U.S. patent system more efficient and streamlined. It will eliminate or at least cut down on frivolous lawsuits. Transparency is very important. Patent quality is very important. That will be enhanced. These reforms contained in this law have helped the Patent Office to cut down on its backlog and process patent applications more expeditiously.

The law contained a number of provisions that required the Patent Office to promulgate rules and regulations, so holding this hearing is very important on our constitutional responsibility of oversight to make sure that regulations follow congressional intent.

We also want to determine whether the legislation has produced any discrepancies, difficulties, or unintended consequences that have been revealed during this implementation. So I believe it is appropriate to ask whether technical, clarifying, or other changes to the legislation are warranted. If so, I expect to work with my colleagues in a transparent and open manner to improve the America Invents process, and hopefully nobody will try to use technical or clarifying language to get something done that they could not get done during the 6 years that this process was being negotiated.

And also to point out, last, that in 2007 the Patent Law Treaty and the Geneva Act of the Hague Agreement concerning the International Registration of Industrial Designs, these were ratified by the Senate. The Senate now needs to pass implementing legislation, and I look forward to hearing more about these treaties and how they can help American patent holders.

That is only a part of my statement, so I will put the whole thing in the record.

[The prepared statement of Senator Grassley appears as a submission for the record.]

Chairman LEAHY. Thank you very much, and thank you for your help on this.

David Kappos is the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office, and he was invaluable to me and others in providing counsel and guidance as we worked to pass the Leahy-Smith America Invents Act.

Before he joined USPTO in 2009, he was vice president and assistant general counsel for intellectual property at IBM; bachelor's from the University of California, Davis; law degree from the University of California at Berkeley; but, more importantly, somebody who not only understands this, but has a commitment to make the Patent Office work.

Director, it is all over to you. Go ahead.

STATEMENT OF THE HONORABLE DAVID J. KAPPOS, UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY, AND DIRECTOR, U.S. PATENT AND TRADEMARK OFFICE, WASHINGTON, D.C.

Mr. KAPPOS. Well, Chairman Leahy, thank you very much; Ranking Member Grassley, Members of the Committee. Thank you for this opportunity to discuss the USPTO's ongoing efforts to implement the Leahy-Smith America Invents Act and our pathway to international patent law harmonization.

Mr. Chairman, you and your colleagues deserve special praise for making patent reform a reality. Our Nation's innovators and our economy are truly the beneficiaries of your hard work. Thank you, thank you, thank you.

Mr. Chairman, I am pleased to report that our AIA implementation efforts are indeed proceeding apace. We have implemented seven provisions of the AIA—all within the timeframes set by the Act. We have published proposed rules for nine additional provisions, and we are on schedule to implement all of them on time this summer.

While our stakeholders have expressed differing views on some of our proposals, all of them have commented quite favorably on the transparency of our implementation process and the extent of our public outreach. Our AIA implementation team continues to review hundreds of comments received from individuals, IP organizations, IP practitioners, innovators, government entities, and academic institutions. And our ultimate goal, of course, is to produce rules consistent with the language and intent of the AIA that will best serve the needs of America's entire innovation community.

We will issue the final rules on or before August 16th of this year. The rules will then become effective on September 16, 2012, to give us a window of a month or more to educate our personnel and the public regarding the final rules in advance of their implementation.

Now, in early February of this year, we published initial proposed fees, as authorized by the AIA, for our patent services, and we received substantial feedback and recommendations from the public on them. We will also be receiving a report from our Patent Public Advisory Committee on the proposed fee structure before we issue a final rule late this year or early next year.

Mr. Chairman, we should note that our stakeholders are indeed already benefiting from the AIA. We launched the prioritized examination program, known as Track One, that provides for patent application processing in less than 12 months and offers small businesses a substantial discount. Since its inception, we have received more than 4,000 Track One applications, and we have completed first examination on more than 2,300, an average of about 90 days, which is exactly what we had intended to implement.

Needless to say, Mr. Chairman, our Satellite Office Program has drawn quite a bit of interest. We will open our first satellite office in Detroit, Michigan, next month. With respect to additional offices, we are in the process of reviewing and analyzing more than 600 comments and suggestions we received in response to our Federal Register notice. We expect to announce the locations of additional offices this summer.

Mr. Chairman, this is an exciting time in the patent world. With the passage of the AIA and Europe's consideration of a unitary patent, we are positioned to make real progress toward the establishment of a more effective international patent system overall. Adoption of the AIA has enabled the USPTO to promote a new vision of an intellectual property world in which national and regional patent systems are coordinated to create an optimal environment for technologically innovative companies and individuals globally.

The AIA provides an opportunity to restart long-stalled discussions with our foreign counterparts toward substantive harmonization that will help U.S. businesses succeed in the global business environment. And a critical part of these discussions is adoption by other countries of a modern grace period. A grace period has been adopted in many patent systems throughout the world, and it is recognized as a global best practice. We look forward to continuing these discussions with our overseas counterparties.

It is clear that policies supporting high-quality intellectual property and a high-quality IP system are making a difference in our Nation's economic recovery. The recent IP jobs report "Industries in Focus" shows that America's core strength continues to lie in our ability to innovate. Sensible Government policies encouraging that spirit of innovation can demonstrably contribute to job creation and economic well-being.

So, Mr. Chairman, we look forward to working with you to ensure that the innovation-advancing, job-creating, deficit-neutral work conducted by the USPTO continues to best serve America's innovators, and we appreciate your continued support for the employees and operations of the USPTO.

[The prepared statement of Mr. Kappos appears as a submission for the record.]

Chairman LEAHY. Well, thank you very much, Director.

One of the things that I might mention, we had a grace period we included in the transition to a first inventor to file system. I have been told that has been essential to researchers at universities, independent vendors seeking venture financing. You said that you are working with other countries to see if they will provide similar protections.

How are we coming with these other countries and trying to get that kind of grace period?

Mr. KAPPOS. I think it is fair to say that we are making pretty solid progress. As a result of the recent free trade agreement between the U.S. and Korea, Korea now has a great grace period. Japan has a good grace period. We have got to work on a little bit of timing with them still. Other countries, including Canada, Australia, have excellent grace periods. We are working with folks over in Europe, the European Union and the major countries over there, in the direction to moving toward a grace period also. And I think it is fair to say that across the board people are receptive because they understand that a grace period is pro-innovation, it is pro-tech transfer, it is pro-opportunity.

Chairman LEAHY. In the European Union, they are probably a bit distracted these days on other matters, but keep on with them.

What are the biggest obstacles remaining as part of the implementation of the new law?

Mr. KAPPOS. Well, relative to implementation of the law overall, I actually do not see major obstacles. It is an excellent piece of legislation. We have got the tools to implement it. Financial resources are always a concern, understandably, but we have gotten great support from Congress. Our fee collections are running right about where we expected them to. Our expenses are right about where we expected. And we have got all the resources we need at this point to implement.

Chairman LEAHY. I mean it as a compliment and not as a pejorative when I talk about a roadshow, but have those worked out pretty well in your mind?

Mr. KAPPOS. Yes. So we ran seven roadshows all over the country—east coast, west coast, a number of places in between. I thought they were excellent, and the reason is because they gave an opportunity for people who do not often interact with the USPTO to get in a room and spend an entire day with our leadership team and understand the legislation, understand our implementation and tell us how we can improve it. So we touched over 1,300 people all over the country. We got tremendously positive feedback. We got great comments and suggestions, all the way from Sunnyvale to Boston and everywhere in between, so much so that we are going to run a second set of roadshows—

Chairman LEAHY. Mentioning that, there is one State that has the most number of patents per capita of any State in the country.

Senator FEINSTEIN. Where are you going with that?

Chairman LEAHY. I thought maybe we could go alphabetically, starting with Vermont.

[Laughter.]

Chairman LEAHY. I am sorry. Go ahead.

Mr. KAPPOS. Well, we will run a second set of roadshows late this summer and early into the fall when the final rules are out to touch, again, a many people as possible.

Chairman LEAHY. Fall is a beautiful time in Vermont.

[Laughter.]

Chairman LEAHY. I am concerned that standard essential patents are becoming the new front of the tech patent wars. Senator Kohl and I wrote to the administration expressing our concern that preventing the use of these patents by going to the International Trade Commission after promising to license them on reasonable terms could have anticompetitive effects. I think the Federal Trade Commission and I know other Members of Congress have expressed similar concerns.

Are there times, in your view, when enforcing these types of patents might harm consumers?

Mr. KAPPOS. Yes, I think that the situation is definitely cause for careful study at this point. So standard essential patents implicate a number of very important intellectual property and also competition issues. You are talking about situations where a number of competitors are agreeing to use the same technology. Once that occurs, they go off and they make commitments to manufacturing equipment and processes, and they put networks in place. There is a tremendous lock-in effect that creates extremely high value for the technology that is in the end implemented.

When competitors get together and make pledges of fair, reasonable, nondiscriminatory licensing, so-called FRAND pledges, in the context of standard setting, those pledges need to be kept, and what they mean is that licenses will be offered. If later folks who have offered their patents under FRAND terms then are able to get exclusion orders or injunctions, you can certainly have some tremendously negative side effects.

On the other hand, though, I think there is also a fair point to be made that a FRAND commitment does not stand for licensing under any terms and conditions, and you cannot wind up in a situation where FRAND means no opportunity to enforce a patent because what that will create is a situation where nobody will have any incentive to take a license. So finding the right balance is really the challenge.

Chairman LEAHY. Well, and I agree with you. You explored the poles on that, and I agree with you on both of them. But we have got to find a way—not so much bring both sides together, but find a way through this. And I do not begin to underestimate the difficulty of threading that needle, but please keep us posted on this, will you? Thank you.

Just one last thing. You mentioned the Patent Law Treaty and the Geneva Act and the Hague as treaties since ratified, but they require implementing legislation to be effective. I assume you feel those are going to be pretty effective, pretty helpful to this country if we get the implementing legislation through?

Mr. KAPPOS. Yes, I do, Chairman Leahy. Both of those treaties are pro-innovation. In the case of the Patent Law Treaty, you are talking about a straightforward instrument that will cut costs for U.S. patent filers and patent filers globally, streamline the system, reduce redundancies, you know, a very light lift. In the case of the Hague Act, you are talking about design innovation, which has become a major, major issue lately. Look at the corpus of innovation that Steve Jobs created which showed us all that there is tremendous action at the intersection between design and utility innovation. And the Hague Act is all about providing a streamlined single instrument that will enable American design creators to get global protections. Both of those treaties are pro-American innovation, pro-global innovation, pro-jobs, pro-opportunity, very light lifts, and I would love to see implementing legislation.

Chairman LEAHY. Thank you. I will submit my other questions for the record, especially one on the Patents for Humanity Program.

Chairman LEAHY. Senator Grassley.

Senator GRASSLEY. Director, I hope you will recall that I was instrumental in getting a provision dealing with tax strategy patents included in this Act so that all taxpayers would have equal access to strategy in complying with tax law. These patents encumber the ability of taxpayers and advisers to use the tax law freely, interfering with the voluntary tax compliance system and undermining the fairness. Tax patents provide windfalls to lawyers and patent attorneys by granting them exclusive rights to use tax loopholes, which could provide some businesses with unfair advantages. Some taxpayers could face fees simply for complying with the Tax Code. Because tax strategy patents are unlikely to be novel given the

public nature of the Tax Code, we included a provision in the law that expressly provided that a strategy for reducing, avoiding, or deferring tax liability cannot be considered a new or non-obvious idea and, therefore, a patent on tax strategy cannot be obtained.

So I am interested in hearing whether the tax patent provisions included in the law are working out as Congress intended. Specifically, is the Patent Office continuing to receive patent applications involving tax strategy? And, second, what procedures have been put in place to screen for tax strategies and ensure that the law's provisions are complied with?

Mr. KAPPOS. Well, right, thank you, Senator Grassley, for the question, and we are indeed intent on accurately and faithfully implementing that provision. It is an important part of the law.

A couple of comments. Number one, it is a little early to tell because patent applications that we have received since the law went into effect have been small numbers, but we received only small numbers ahead of that. We are talking like in the neighborhood of 20 applications. Very, very small numbers. We will examine them rigorously based on the strictures in the law. So I think the law will be very helpful for its intended purpose, but given the timelines of these things when they get received and when they get examined, it is too early for me to give you statistics on results yet.

The other thing I will say is that Section 18 of the AIA, the covered business method review provision, is also going to be extremely helpful, and with great guidance from Congress, we have written rules that will ensure that tax strategy patents will in, if not all cases, the very large majority of them be applicable for Section 18. So that will give us an opportunity at the request of third parties to take a close second look at those patents. Section 18 will be helpful also.

The other thing I would say is that I have initiated on my own signature Director-ordered re-examinations of two particular tax strategy patents that I felt strongly had serious validity problems with them. Both of them have been re-examined in the USPTO. Both have been rejected. One has been finally rejected and is on appeal. The other one is under rejection, no claims deemed allowable in them.

So I think the guidance from Congress has been extremely valuable to us. We are applying it as much as we can already, and there will be more to come.

Senator GRASSLEY. Would you be able to be consulting with the IRS if you need guidance on tax law?

Mr. KAPPOS. We certainly will. And, in fact, the basis that we have used for the Director-ordered re-exams that we have done so far have been highly based on IRS regulations and information. So their work is indeed seminal to our handling these cases.

Senator GRASSLEY. My next question involves some oversight work I have been doing, and if you feel that you can answer it in writing better than answering orally, I would give you that option. Since you are before the Judiciary Committee now, I want to take the opportunity to ask about my oversight inquiries of the Patent Office expenditure relative to international conferences. Preliminarily, I want to make clear that I understand it is important for the United States to do international outreach and training with

respect to protection of intellectual property rights, but we also need to know that we do it in a smart way using taxpayers' money.

Last September, I wrote to you regarding the U.S. Patent Office's sponsorship of a 2-day intellectual property conference in Tokyo. It is my understanding that \$180,000 was spent for four high-level Patent Office staff members, including yourself and six judges, and two staffers of the Federal Circuit Court of Appeals. However, in the meeting I had with Chief Judge Rader, he told me that Japan no longer has significant intellectual property problems that are prevalent elsewhere around the world. I asked the Patent Office and the Federal Circuit Court of Appeals for specific documentation about the amount of funding spent for this and other international conferences. The Patent Office response provided vague justification for the expenditures and no actual documentation.

So I still want to receive the documents that are requested in the September 2011 letter. I hope you would commit to providing me with the conference and travel expense documents that I requested. And I would like to have you explain why the Patent Office spent over \$180,000 for a conference in a country that has already addressed its significant intellectual property problems. Why was it necessary to send so many people, by my count at least 12 individuals, to that conference? The response that I received stated that the Patent Office would be sponsoring an intellectual property conference in China this year. I would like to know the status of that trip and who is scheduled to attend and how much is going to be spent for the sponsorship and travel expenses.

Again, the message I am trying to send to you is that in this day of extremely limited resources, we all should be looking for focus on our efforts where they need to be most, and we should be trying to find as many ways as possible to save money.

Mr. KAPPOS. Well, thank you for that question, Senator Grassley, and I would start by saying I could not agree more strongly with you that in this age—in fact, in any age but especially this one—we need to be extremely judicious about the way we spend money, especially travel money, because trips can get expensive. And that is why, in specific, for the conference in Japan, to my memory we took three people on that trip: myself; the solicitor of the USPTO, who is my senior-most litigators; and one staff person to help staff the trip.

I have ensured that USPTO pays only for coach class travel for all travel that I do and all other USPTO employees. So our travel is extremely cost-effective, even for extremely long trips like a trip to Japan.

That conference, in my view, was enormously important and was very successful. We were able to get together hundreds of Japanese practitioners with their judiciary. Indeed, they have got a great intellectual property system, respect the law there. They are leaders in Asia, and by holding that conference like we did, with a small U.S. Government footprint but helping to bring together all the folks over in Japan and, in fact, throughout Asia, we were able to get a first huge gathering of Japanese judiciary with their practitioners, leaders from other countries including the U.S. and other parts of Asia, and have what I thought was an extremely valuable discussion about the intellectual property system, the importance

of patent, trademark, copyright, trade secret enforcement all over Asia.

We did indeed, Senator Grassley—you correctly asked about the follow-on conference in China. We help that conference just a few weeks ago in Beijing. I attended that, again, along with just a few other USPTO people, again, if my memory serves, exactly two other folks: our solicitor and a staff person. It was an enormous and successful conference. About 1,200 people attended, including several hundred Chinese judges, members of their Supreme People's Court who hear their intellectual property-related cases, and it gave us a huge opportunity to talk all at the same time in person and through the media in China to literally hundreds and hundreds of people who we need to help get on board with understanding and championing a strong intellectual property rights system.

So in my job, as our administration's leader in intellectual property policy development and promulgation, I feel these were extremely valuable trips, lightly staffed by the USPTO; and while we are not going to go doing these all over the world, I think they clearly are the right things in the right places in order to help move the rule of law and respect for intellectual property forward.

Senator GRASSLEY. Will you give me the documents I requested, please?

Thank you, Mr. Chairman.

Chairman LEAHY. Thank you.

I commend you on flying coach. All of us around this table, when we fly overseas on Government business, usually fly either business class, first class, or on a Government airplane. So before we get too concerned about your flights, we want to make sure that we are not throwing stones at a glass house.

Senator Feinstein.

Senator FEINSTEIN. Thank you very much.

Welcome, Mr. Kappos. I wanted to talk to you a little bit about the length of time it takes to get a patent and recognizing that you now have funds to hire because you can now increase filing fees, which I think is a very positive development. The figure is that the average patent pendency has essentially doubled over the last 20 years, from 18.2 months in 1991 to a high of 35.3 months in Fiscal Year 2010.

Now, I am very pleased to see that this has begun to decline for the first time in 8 years to 33.7 months in Fiscal Year 2011. This is the latest figure my staff could get.

I can tell you that in discussions with Silicon Valley CEOs like Apple, this is their number one concern: the length of time it takes to obtain a patent.

Here is my question. I see your hiring numbers on this chart. I see how many applications come in, and I see really out of that how few right at this time are on board, how few have been made offers. The question comes. Are you setting a goal for a patent? Let us take for me it is a high-tech patent. How long can a company like Apple or Google expect for patent processing?

Mr. KAPPOS. OK. Well, Senator Feinstein, thank you very much for the question. As someone who came from the tech industry, in fact, from Silicon Valley, I am extremely attuned to the need for rapid processing by the tech sector. We do have very explicit, very

clear goals in this regard. We believe, based on input we have gotten from all sectors of the U.S. innovation economy that the optimal processing time for a patent application is indeed 18 months to completion, on average, and that you get to 18 months, on average, to completion by getting a first office action, a first substantive response in about 10 months. And that is why we have set targets of 10 months to first action and 20 months to final action which ensures that with a little bit of some cases coming out early, the early cases will come out at 18 months, the later cases will come out at about 22 months or so, and we will not be pre-publishing patent applications before 18 months but we will get them done very close to 18 months.

So the answer to your question is our target is first action in 10 months, final action on an average of 20 months, which, you know, gets you between 18 and 22 months, and we will reach those targets by 2015 and 2016, and we are well on our way to getting there.

Senator FEINSTEIN. The biotech industry has given me a question to ask you, and that is, patent examiners keeping up to date on new developments. You mentioned your very successful roadshows. I wonder if you could not do something like that with respect to new technology to keep examiners up to date.

Now, this came from a big biotech company, and that was their concern. What would your reaction to that be?

Mr. KAPPOS. Well, that is a very valid concern. Biotech as an example operates, you know, at the very, very leading edge of technological development, and it is challenging to keep examiners, and we have got great examiners. In the biotech area, we have got examiners who in general have Ph.D.s, very highly educated, very capable, but keeping up on the latest technology is a challenge. So we are doing two things to work on that, and there is a third thing that I would like to start doing in the future.

The first that we are doing is we have instituted a very vibrant patent examiner technical training program where we invite companies from all over the country—and it includes tech and bio companies from California—to come to USPTO, either in person or virtually, by teleconference or videoconference, and give lectures to our applicable examiners. They can be short or long. They can be 15 minutes or 2 hours. We have had tremendous success with that. The numbers are ramping up rapidly. Many thousands of hours of training a year we are getting from that program. It is working extraordinarily well. The examiners love it, and the companies that come in rave about how great it is to get to spend time with our examiners.

The second thing we are doing is we have reinstituted a program that we had in past years of sending examiners out on short, low-cost trips to actually spend a day or two with various companies, and it includes companies in California right there in the Valley. I know we have touched companies that are ones that I am sure you are hearing from and sending examiners to spend a day or two with them to understand their processes, to really absorb the leading edge technology that they are working on. So that is the second thing we are doing.

Of course, that becomes a financial issue because of the money involved, so we are gradually ramping that up. We are trying to be very, very cognizant of the travel cost, apropos of the previous question, but we will continue investing in that because, as you say, it is very, very valuable to get examiners out.

The third thing that I would like to start doing and hope to be able to institute in 2013 is to resume the USPTO supporting our examiners in receiving technical training post-graduation. So we have got examiners who are in the agency who want to take a graduate course in biotech at some school, hopefully here in the area, in some cost-effective way. I would like us to be willing to at least partially, if not wholly, pay the tuition expenses and help our examiners to continue to develop their technical education even after they are on board.

Senator FEINSTEIN. Could I just make one other comment? I appreciate this. This is on software patents. It is my understanding that studies, statistics, and companies show that the patent system drains resources from high-tech industries. Software and Internet patents are litigated about 8 times more often than other patents, and much of this litigation is brought by the so-called patent trolls, yet a quarter of all patents issued are software patents.

Are you undertaking any initiatives in the Patent Office to address this?

Mr. KAPPOS. Yes, absolutely. It is clearly a concern, and we are doing several things. First of all, the AIA is going to have and is starting to have an enormously positive impact. So the AIA put in place Section 18, the covered business method section, which touches on software patents because many business methods are claimed as being implemented in software. So that provision and our implementing rules will enable us to provide a venue to take a second look at many of these business method patents that have software concepts in them.

Second, inter partes review, post-grant opposition are all about providing a fast, clear, inexpensive route to take a second look at patents that we have granted, and I expect it will be extremely helpful in the software area. Now, those provisions, of course, go into place in September, so we have got a few months we will be starting to work on them.

The other thing that we have already done is put in place for the first time new guidelines that we put in place a little over a year ago that were especially directed to the software field to have our examiners spend more effort and be more precise in our examination of patent applications for the clarity of their disclosure, which is a key problem in the software area. We had a lot of that set of guidelines—they are called 112 guidelines. A lot of them were directed to issues that come up with software patents. We have baselined, we have done the statistics on changes that have occurred in the agency, and, indeed, our examiners have put out increasing effort and increasing objections and rejections in the areas that you are concerned about. So we clearly are making progress. We will be doing more there.

Chairman LEAHY. We are going to go to Senator Hatch, then Senator Klobuchar, Senator Coburn, Senator Coons, Senator Lee, Senator Franken, and Senator Whitehouse. I have just been ad-

vised we are going to have a vote at 11:30. I have tried to be as flexible possible in giving extra time, but we are going to have to keep it as close as we can because we will not come back after we leave for the vote.

Senator Hatch.

Senator HATCH. Well, thank you, Mr. Chairman.

I just want to tell you that I am pleased with your service. I think you are doing a very fine job, and I have very little to criticize you with. But let me just say this. I continue to follow closely how the USPTO plans to implement the supplemental examination provisions of the America Invents Act. By establishing the new process, USPTO would be asked to reconsider or correct information believed to be irrelevant to the patent, as I understand it.

As you know, the law enables patent holders to request a supplemental examination of a patent if information arrives after the initial examination. The goal, when crafting this provision, was to provide the patent owner the ability to take action to remedy any potential deficiencies, thus enhancing the quality and accuracy of the patent examination record.

However, since the USPTO published its proposed rules to implement the supplemental examination provisions, I have heard some concerns that the proceeding would be very expensive, if not cumbersome, to use. How do you respond to concerns that the cost for filing a supplemental examination is steep and will discourage patent owners from utilizing this procedure?

Mr. KAPPOS. Thanks for the question, Senator Hatch, and that is indeed something that we are concerned. We want the cost to be set at a level at which these processes are affordable.

We have taken a lot of input on both the cost and, I will say, the procedural difficulty issue that you raise, and we are indeed looking for ways to simplify the procedures. We are working on that right now. And we are looking for ways to moderate the cost. So messages received in both cases, and we are working on making improvements in both regards.

The one other thing I will say is that we are prepared to make further improvements as we go forward. We will all get some experience with these procedures once we put them in place soon, and we are very amenable to then learning and further simplifying as we learn what works.

Senator HATCH. Well, thank you. Would you mind commenting on the opportunity patent owners now have with the supplemental examination to improve the quality of their patents? It seems one would think the costs associated with strengthening one's patent may very well be worth the moneys that are invested up front.

Mr. KAPPOS. Well, yes, I think that is clearly right, and so the way we are trying to implement supplemental examination, we will charge a more moderate fee up front for those patents that just require the kind of clarification, Senator Hatch, that you are pointing to and then reserve for further work in re-examination as called for by the statute those cases that require really substantial additional work.

Senator HATCH. OK. During consideration of the America Invents Act, I joined 47 of my colleagues in supporting Senator Coburn's amendment in which user fees would go directly into a re-

volving fund for the USPTO, separate from annual appropriations. Even though the Coburn amendment failed, we were assured that the House compromise language, which created a reserve fund for fees collected, would be more than enough to provide the USPTO with the resources it needs to fulfill its mission.

Now, recognizing that the reserve fund is tied to the appropriations process, how does the continuing resolution affect your operations? And do you believe that the House agreement applies to continuing resolutions as well as appropriations bills?

Mr. KAPPOS. Well, the reserve fund is indeed a much less robust solution than the amendment that Dr. Coburn offered, and thank you for raising the issue, Senator Hatch.

What I would say is so far, so good relative to funding. We have not yet used the reserve fund because we have not had money yet to put into it. It is just going to be coming into effect next year.

During a continuing resolution period like we may be entering this fall, we will be subject to the appropriations process and the issues with CRs like we always have. In the past, they have been challenging. However, we have been able to plan for what could be a continuing resolution this fall that I believe will enable the agency to continue our operations seamlessly through the CR. And if the reserve fund works out the way that it looks like it will, I believe it will be helpful to us also in future periods because it will be a corpus that we can then tap into during those periods.

Senator HATCH. Well, thank you. My time has expired. I do have a few more questions, so I will submit them in writing.

Senator HATCH. Thank you so much. We appreciate the work you are doing. I think you are really, really accomplishing quite a bit down there. I appreciate it.

Mr. KAPPOS. Thank you, Senator Hatch.

Chairman LEAHY. Senator Klobuchar.

Senator KLOBUCHAR. Thank you very much. Thank you, Director Kappos. Thanks for your good work in this area. This was an incredibly complex bill and something that I worked hard on, as did many members of this Committee, truly a bipartisan effort to get this done.

As you can imagine, our State, the State of Minnesota, has a great history of innovation. We have given the world everything from the Post-it Note to Scotch tape, water skis, pop-up toaster, and rollerblades, just to name a few. I do not know if you knew that, but it is true. And what we know is that one of the keys to innovation and economic growth is making sure a country's inventors that work for small businesses or even in their own garages can get patents for their inventions. And the America Invents Act directed the PTO to work with intellectual property lawyers to create pro bono programs that assist individual inventors and small businesses with applying for patents. I used to be at a law firm. I know how expensive patent lawyers can be, and that is one of the ideas here, is to try to get smaller inventors an easier way in.

I am pleased to see that you are collaborating with Legal Corps, which is a Minnesota nonprofit that connects IP lawyers with inventors to provide that kind of pro bono assistance and are taking the program to cities across America.

Can you provide an update on how that is working?

Mr. KAPPOS. Right. Well, Senator Klobuchar, thank you very much for the question. Indeed, the congressionally mandated pro bono initiative has gotten off to an extremely good start. We started the first chapter, as you mentioned, in the Twin Cities in Minnesota. It has been extremely effective. In fact, I just received an e-mail this morning indicating that the very first patent has now issued, so we have reached yet another milestone.

Inventors from the Minnesota area, that whole area of the Upper Midwest around the Twin Cities, are receiving legal advice and getting help preparing patent applications. The program is going extraordinarily well. We started the second chapter in the Denver, Colorado, area. We have got five more that we are working on. We will have as many as 13 additional up and running next year that are well in the pipeline, and we intend to have complete coverage for the U.S. by 2014.

So the program is going along extraordinarily well. The push from Congress in the AIA was exactly what we needed, and we are really making good use of it.

Senator KLOBUCHAR. Then also the America Invents Act included reduced fees for small businesses and micro entities. Do you think that will be a help to increase the number of patents filed by small businesses and individuals?

Mr. KAPPOS. Well, I think clearly. Now, the micro entity fees have not yet gone into effect. They are subject to the new rulemaking in AIA, so I put out the draft rules on those. They are in the clearance process right now, or if they have not already emerged from it. So we will be implementing the micro entity fees. But relative to small entities, another fact that I should mention is that the Track One Initiative enabling applicants to get very fast patent protection by paying a few, has been used in very high proportions by small entities. In fact, I think about a third of the usage of that program is by small entities, so that to me really stands for the proposition that small entities need patents quickly, that fee discounts work for them, and that they will go out and create opportunity by getting through the patent system promptly.

Senator KLOBUCHAR. One of the key provisions in the America Invents Act is moving from a first to invent to a first inventor to file system, as you are aware. Can you describe the preparations that are underway to make sure that the PTO is ready for this important switch in March 2013.

Mr. KAPPOS. Yes, there is a lot going on in that regard. We are in the process of preparing the draft rules or what is called the Notice of Proposed Rulemaking that will go out and begin getting comments. We plan to hold a roundtable, a special roundtable on just that provision in order to get input, especially from small entities and independent inventors. And we will go through the whole rulemaking process, make sure that we put out rules that are simple and that help especially the small inventor community to understand the change and to implement it effectively.

Senator KLOBUCHAR. Well, very good, and I will have some additional questions for the record.

Senator KLOBUCHAR. I want to thank you for your work and again stress how important this is to our country and especially my State, where at 3M we actually have the same number of patents

as we do employees. So, literally, we can say that every employee invented something. All right?

Mr. KAPPOS. Thank you, Senator Klobuchar.

Senator KLOBUCHAR. Thank you very much.

Chairman LEAHY. Thank you.

Senator Coburn.

Senator COBURN. Thank you, Mr. Chairman.

Director Kappos, thanks for being here. Thanks for the great job that you and your group are doing. One of the things I would hope you would consider no matter who wins this next election is staying on in your position. I will lobby for you no matter who the President is. I think the continuity is important for this office, and it is very important for our country and our economic growth.

I want to go back a little bit to your fees. First of all, talking about—we saw this big runup in filings prior to the end of September in anticipation of the new fees. And it looks like from Fiscal Year 2011 about \$210 million was diverted from the Patent Office. Have you seen any of that money come back?

Mr. KAPPOS. Yes, that is a great issue, Dr. Coburn. Indeed, there were a lot of fees paid at the very end of the financial year just in advance of the fee change, and it was very unfortunate. That money was diverted, has gone away, and it has not come back in the sense of somehow being, you know——

Senator COBURN. Redirected to the——

Mr. KAPPOS. Redirected. It has not.

However, our filings have rebounded, and fee collections have rebounded, and so we have been able to accommodate the loss of that revenue.

Senator COBURN. Just so the American people know, the fees for the Patent Office are meant to be directed for the processing and granting of patents. And, unfortunately, now over \$1 billion of applicant fees have never been given to the Patent Office, and, consequently, our frequency or our ability to respond to patent applications is much slower than what it would have been had that \$1 billion actually been directed to where individuals pay for it.

One other question on fees, if I might. In your setting of fees, is your goal to cover the costs associated with those fees? Or are you using fee setting to try to direct some policy or make some direction? Could you comment on that?

Mr. KAPPOS. Yes. Mostly we are setting the fees to recover the costs of performing the services. However, not across the board. So as an example, we are still fly subsidizing the cost of patent application filing and basic processing. We are not proposing to charge anywhere near the cost of examination in the fees that we charge for initial filings. So, obviously, you have to make that up somewhere else in the process. We are proposing to make it up largely through the renewal fees or what is called the maintenance fees and through some of the other surcharges like surcharges for late filing of documents and for extensions of time. So mostly we are trying to charge what the cost is, but with some modifications here and there.

Senator COBURN. Let me go to one other area. It is my understanding you have been working with certain Members of Congress in terms of technical corrections to the America Invents Act, and

I just want to be on record that I am fine with technical corrections, but things greater than technical corrections deserve a full and comprehensive hearing where all stakeholders have an opportunity to have input.

Could you discuss with us the areas other than true technicalities that you are working on with Members of Congress?

Mr. KAPPOS. Sure. So, you know, we are in the role of technical adviser in these kinds of things. There are a number of pure technicals, kind of clerical mistakes that we would like to correct. There are some issues beyond those. We talked about a couple of them already, you know, the PLT and the Hague Agreement.

There are also discussions that have gone on about one of the estoppel provisions as an example. There are discussions about prior user rights. There are discussions about a provision in Section 102, the basic definition of "prior art" that some folks want to modify. So there have been discussions about a number of things that I would readily agree are beyond technicals.

Senator COBURN. Well, I just want to be on the record that I am fine with a pure technical correction bill, but anything that significantly changes the estoppel provisions in the bill we passed needs to have the full consideration of all the stakeholders and all the members of this Committee before we would do that.

Mr. Chairman, I yield back.

Chairman LEAHY. Thank you very much, Dr. Coburn.

Senator Coons.

Senator COONS. Thank you, Chairman Leahy, and thank you, Director Kappos, for the very strong leadership you have provided to the Patent and Trademark Office. As someone who was in-house counsel to a materials-based science company that critically relied on its intellectual property, I heard for years bitter complaints about fee diversion, concerns about pendency, quality of examiners, and I think there is very broadly shared amongst members of this panel and the communities that we represent enthusiasm for your leadership and the direction you have taken.

I was encouraged by your testimony previously to Senator Feinstein about a goal to reduce pendency to 18 months. I was pleased to hear how you are doing with Track One and with its early implementation and the balance that you are striking with lower fees for those who are small or early-stage inventors.

I am interested in how you retain, train, motivate, and pay qualified examiners because the absence of a sufficient number of qualified examiners is an absolutely critical barrier to your success. Now that we have made, I think, significant progress toward dealing with fee diversion, do you feel that the fees you are able to set are likely to be necessary for you in order to be able to pay examiners appropriately? And what are the barriers to your being able to pay examiners sufficiently that you can retain and train the most qualified folks possible?

Mr. KAPPOS. Right, yes, that is a great question.

Chairman LEAHY. And before you answer it, just a housekeeping thing. I have to be at another matter. It is not that I am disinterested by any means. Senator Franken will take the gavel in my absence.

Mr. KAPPOS. Yes, so retention is incredibly important in any enterprise. As a leader, I am always extremely concerned and committed to the view that if we cannot retain our work force, we cannot succeed. So it is fundamental to success.

I am happy to report that our retention is actually quite strong these days. Our attrition rate is about 3.2 percent, which is very functional, very appropriate commercial grade. No problem right now.

We are helped by the Detroit satellite office where we have had tremendous success, having very qualified judges and new experienced examiners. So the satellite office program I think is going to be very helpful because it gets us access to a new demographic that we just do not have in the Washington, D.C., area.

Senator COONS. I presume it also gets you access to a lower cost of living since you are more competitive.

Mr. KAPPOS. Absolutely, yes.

Senator COONS. There are many other places that would serve as excellent locations for field offices, Minneapolis probably top of the list, and you are announcing two more.

Senator FRANKEN. Why, thank you.

Senator COONS. Recognizing that two Minnesotans sit to my right, which has a certain amount of wisdom, I hope, and that Delaware is close enough, frankly, that a field office in Delaware is probably not on the top of your list. You will announce two more field offices in July, I believe.

Mr. KAPPOS. We hope this summer.

Senator COONS. Do you have the authority you need to explore further initiatives? You are allowing some of your more senior examiners to work from home through a hoteling program. If you find some success in these field offices, which I am confident you will, is that something you have the authority and ability to move more aggressively to expand rapidly?

Mr. KAPPOS. Yes. Thanks, Senator Coons. For the most part, yes, we actually do have the authorities that we need. Our telework program has been extraordinarily successful. It enables examiners to live and work from literally every State in the continental U.S. It has been a great program. We will continue with that. The satellite office program, we have got all the authorities we need there.

The one area that we are a little bit challenged is on the salary cap for our highest qualified primary examiners. Unfortunately, they get cut off by the salary cap that we have for our workers and then literally have to stop working. And so we have done statistical work that shows that if we had statutory permission to relax that somewhat, even temporarily for short-term small amounts, the value of the work that those examiners do is extremely productive. It is much more cost-effective than hiring the like number of new people we would need.

Senator COONS. Well, given how long it takes for you to break in and develop the proficiency of examiners, that makes great sense to me.

My last question would be: Given that PTO is a predominantly user fee-funded agency at this point, I have done some outreach in the intellectual property community in my home State. I want to commend you for how much outreach you have been doing with the

roadshows, how open you have been to user community input. I have had more than one lawyer who represents a firm or individual who leads a company that relies critically on your office's services say if the fees are not being diverted, they would pay significantly more than the current fees. They would pay whatever it took in order to get the pendency down and the quality of the examiners up.

Do you think that is a widely held view? And do you think you could raise the fees significantly and get the pendency down below 18 months and the quality of the examiners up?

Mr. KAPPOS. Yes, I think it is a widely held view. I am cognizant that there are limits on everything, and that as we are getting the office in better shape and reducing pendency—in fact, the total backlog just dropped to 627,000, which is a new low point in many years. So we are continuing to whittle away and make progress. What I am finding is that the amount of money that we need and, therefore, the amount we need to increase the fees is by no means astronomical, is by no means mind-boggling. And so we will raise the fees as we need to. We are getting great support on that. But I do not think we need to do anything that anyone would consider outlandish.

So apropos some of the other questions, what we are trying to do now is tune our fee changes so that they are good policy, we are incenting use of these processes, and we are not either undercollecting or overcollecting.

Senator COONS. Well, as you move through the final rulemaking processes, I just want to close by urging you to be bold, striking a fair balance, that it respects small inventors and making sure that they have access to a fair and appropriate process as we work through technical amendments. But I am just grateful for your leadership and excited to see what the AIA is going to bring for our economy and for our country in the year ahead, and I look forward to working with you closely on this.

Mr. KAPPOS. Thank you very much, Senator Coons.

Senator COONS. Thank you.

Senator FRANKEN. [Presiding.] Senator Lee.

Senator LEE. Thank you very much for joining us, Director Kappos. A number of individuals and organizations, including some Members of Congress, the FTC, and industry groups, have expressed some concern to the International Trade Commission regarding the use of exclusion orders in cases involving standard essential patents. As you know from your work at the PTO as well as time prior to that that you spent in the private sector, the adoption of these internationally recognized standards has contributed quite significantly to competition, and in so doing has really contributed substantially to innovation and to consumer choice in the marketplace, particularly within the tech industry.

The standard-setting process that occurs relies for its existence and for its success on a commitment from companies that are contributing technology to license their standard essential patents to all the parties that happen to be implementing this agreed-upon standard and to do so on a reason and non-discriminatory basis, on RAND terms, as they say.

Yesterday, I along with several of my colleagues sent a letter to the ITC expressing some concern about the implications of granting an exclusion order in a case involving standard essential patents. Are you concerned at all about any negative consequences that might flow from an ITC exclusion order in cases like these, any implications they might have on consumers, on innovation, and on the standard-setting process as a whole?

Mr. KAPPOS. Yes, well, thanks, Senator Lee. I am. Senator Leahy asked a similar question earlier, and I share the concern. I think that the standard setting is extremely important in many industries, especially the tech industry. The network effects that result from standards are hugely beneficial, but can also be very dangerous if patents then that are pledged under FRAND terms are later enforced for exclusion orders or injunctions. And I think that the holdup power that a patent gains over whatever standard is chosen can actually be quite dangerous and debilitating to an industry if it is misused.

Now, by the same token, we need to come up with a solution here that acknowledges that FRAND does not and really has never stood for licensing under any terms and conditions, and what we need to send is the right messages to both sides of the equation, both the patent holders who want to enforce and the folks engaging in standard setting who would otherwise perhaps say, well, why should we bother taking a license at all when the worst thing that can happen is we will get sued and after litigation we will just pay whatever we were going to pay for the license.

Senator LEE. Right.

Mr. KAPPOS. So finding that balance is what is really key here.

Senator LEE. Right. And I guess that is significant because the ITC does not really—there is no process, as I understand it, whereby you can get the International Trade Commission to do anything other than issue an exclusion order. Is that right?

Mr. KAPPOS. That is correct. That is the only tool they have.

Senator LEE. You cannot get the ITC to decide what a reasonable non-discriminatory royalty for patent infringement might be. How does this contrast with the remedies that might be available in a Federal district court?

Mr. KAPPOS. Well, of course, district courts have the full range of remedies available. Damages, injunctions—everything is available to them.

Senator LEE. And would you agree with the overall assessment that some have made that allowing an order like this in this context could start to unravel this process or at least unravel the incentives that lead people into this process of negotiating these standard essential patents?

Mr. KAPPOS. Yes, I think I would accept that it could. This is why letters like the one you sent are helpful, in my view, to guiding everyone to reach the right balance.

Senator LEE. OK. Mr. Chairman, I see my time is about to expire. I yield my time back. Thank you.

Senator FRANKEN. Thank you, Senator Lee.

Under Secretary Kappos, I want to thank you for coming here to talk about the progress in implementing the Leahy-Smith America Invents Act. You have done a commendable job rolling out these re-

forms, and while there is a long way to go, you have put a noticeable dent into the staggering application backlog.

I would also like to thank you for mentioning the Minnesota pilot Pro Bono Inventor Assistance Program and congratulate them as well on securing their first patent for a small inventor just this week—or last week, I guess. I care a lot about small business and inventors, and I think we should be doing as much as possible to make sure that the guy inventing the next cool gadget in his or her garage has reasonable access to the patent system.

I would also like to thank Senator Coons for pitching the Twin Cities for the next satellite office. As you may remember, I have written you a letter suggesting the very same thing, and I believe so has Senator Klobuchar. And so it probably will not surprise you that I am not going to pass up this opportunity to make a pitch to you in person.

Minnesota, as you know, is home to some of the most innovative companies and research institutes in the world, like the Mayo Clinic and 3M and Medtronic. Minnesota is ranked among the top ten patent filers for the past 3 years, and the number of patents obtained by Minnesotans grew by 32 percent from 2008 to 2011.

My State is also fourth in the Nation in the percentage of population with college or advanced degrees, and more than 35 percent of those degrees are in science, engineering, or technology.

Is this impressing you?

[Laughter.]

Senator FRANKEN. Well, there is more. Minnesota is also ranked third for patent-intensive employment in the country, and there is really no place in the country that can boost the same level of affordability, which I think Senator Coons referenced. And my goodness, he is not from Minnesota. He is from Delaware. And so it is not just me saying it, is what I am saying.

Are you getting this?

Mr. KAPPOS. Yes, I have got it.

[Laughter.]

Senator FRANKEN. OK. I love Minnesota, but that is not the reason that you should locate your office there. It is because it makes a lot of good sense. And, again, retention will be important.

Let me ask you a question that is not a shameless pitch for Minnesota. I have been asked about this from Minnesota companies. The administrative review process that was created in the America Invents Act was designed to reduce the expense and time associated with filing a lawsuit in Federal court. In fact, it is supposed to serve as a substitute, but I am hearing from a number of prominent Minnesota companies that your proposed standard for reviewing patent applications in administrative proceedings and the broadest reasonable interpretation standard is much broader than standards used by courts and the International Trade Commission.

This seems a bit odd, especially since it can place a higher burden on patent holders to defend themselves in administrative proceedings. Why are these two standards not harmonized?

Mr. KAPPOS. OK. Well, a couple of reasons. One, the broadest reasonable interpretation standard is the standard called for by the AIA, so I believe that the correct reading of the legislation is that Congress has directed us to evaluate for patentability, not for valid-

ity, and an evaluation for patentability is an evaluation that applies the broadest reasonable interpretation standard. So we are implementing the legislation. That is sort of reason number one.

Reason number two is the USPTO has applied the broadest reasonable interpretation standard literally for decades. For all the time we have been running post-grant processes, we have uniformly used this one single standard, and it comes from good policy actually. The policy reasoning is that when you are in front of the PTO, you have the opportunity by statute to amend your claims, and these new post-grant processes continue to give patent holders the right to amend their claims. And in that context, it is the mission of the USPTO to look out for the public's best interest to apply the claims using their broadest reasonable interpretation so that the claims can be viewed clearly in the future, giving the applicant then an opportunity to narrow or add precision to their claims as they need to, generating patents that are as clear and defensible as possible.

So I think Congress really has got the policy right on this one, and we are implementing the law, and we are using a policy that I think on balance is the right approach.

Senator FRANKEN. Thank you. My time has expired, and I know Senator Grassley wants to say something, so I will pass it off to him, but not before I make a pitch for your next satellite office being in the Twin Cities.

Senator Grassley.

Senator GRASSLEY. I would say you answered my last question very lengthily, and I appreciate that, and I do not find fault with the answer you gave. But do not forget I did ask you were you going to supply the documents that we requested in our letter of last September.

Mr. KAPPOS. And, Senator Grassley, I will certainly go back and look at the request and make sure that we do everything we can to supply answers to your questions.

Senator GRASSLEY. Well, thank you. It is very necessary that we have the cooperation in order to do our job of constitutional oversight.

Thank you.

Senator FRANKEN. Thank you, Senator.

Well, we thank you again for testifying, Under Secretary, and we will keep the record of the hearing open for other questions for a week.

The hearing is adjourned.

[Whereupon, at 11:23 a.m., the Committee was adjourned.]

[Questions and answers and submissions for the record follow.]

QUESTIONS AND ANSWERS

*Questions for the Record from Senator Patrick Leahy (D-VT),
Chairman, Senate Judiciary Committee*

*for David J. Kappos,
Under Secretary of Commerce for Intellectual Property
and the Director of the U.S. Patent and Trademark Office*

*Hearing on "Oversight of the United States Patent and Trademark Office:
Implementation of the Leahy-Smith America Invents Act and
International Harmonization Efforts"*

June 20, 2012

1) I have long encouraged patent owners in the pharmaceutical and biologic industries to do more to provide affordable access to life saving medicines abroad. I am therefore interested in the PTO's patents-for-humanity initiative, which provides awards in the form of Acceleration Certificates to patent owners who have taken steps to use their inventions to further humanitarian needs.

In your view, would the program be more effective and attract more applicants if Congress authorized the certificates to be transferable?

Answer: Yes, the USPTO is very excited about Patents for Humanity, our pilot program that provides business incentives for humanitarian endeavors. Companies that apply their patented technology to improve the lives of the poor can enter the competition where up to 50 selected winners will receive a certificate for accelerated prosecution at the USPTO on another matter of their choice. The competition ensures that the best examples rise to the top, showcasing the incredible contributions that American patents make to improve people's lives.

Since the February launch, we've reached out through countless channels to let companies know about this exciting opportunity. The response has been overwhelmingly enthusiastic. But among the feedback we're getting, one request consistently stands out. Companies keep saying "This program would be even better if I could sell my certificate to someone who really needs it."

After much consideration, the USPTO recognizes the tremendous potential in voucher transferability. Recipients could directly convert their good deeds into operating capital, providing an even greater return on humanitarian investments. This would especially help small companies, for which additional capital is a much needed resource. Making vouchers transferable can help small companies stay afloat longer while they develop their revenue streams, simultaneously creating jobs and improving lives around the globe.

Patents for Humanity certificates are the first and only way to accelerate two USPTO procedures: ex parte reexaminations and appeals to the Board. Because these procedures are complex and expensive, they typically involve the most commercially valuable patents. This makes the prospective value of a transferable certificate quite large, attracting more applicants to the program.

Questions for the Record for David J. Kappos (Page 1 of 25)

2) The Leahy-Smith America Invents Act created a statutory Ombudsman for small business interests and a pro bono program designed to assist independent inventors and small businesses. Are you coordinating with small businesses across the country on the implementation of these programs to ensure the inventors who need them most have access?

Answer: Yes, the USPTO has an array of programs and initiatives to aid independent inventors and small businesses and coordinates with them to ensure the effectiveness of those programs and initiatives.

An America Invents Act (AIA) pro bono task force was formed within a few weeks of the signing of the AIA and is comprised of USPTO employees and other public and private sector intellectual property experts to develop ways to assist inventors who do not have access to patent counsel. The task force works on issues such as metrics, forms, standard practices, education and others. In order to have some uniformity in program description and function, the task force is readying a set of standard practices for future programs to follow. This manual should be ready for distribution in early October of 2012.

The AIA pro bono program is gaining traction across the country. Currently, there is one program that is open for business: the Minnesota LEGALCorps Inventor Assistance Program opened its doors on June 8, 2011, and signed its first client September 16, 2011. There are more than 50 trained attorneys and 18 active clients in this program, which serves as the pro bono pilot. One patent has already been issued and another application has received a Notice of Allowance. The latter application is from the first signed client.

The structure of the AIA pro bono program has evolved as implementation has become reality. Our current goal is to have the entire country covered through regional pro bono programs by the end of FY 2014. To provide a simple way for entry into a regional program, there will be a Nationwide Clearinghouse for all individuals or small businesses that want to enter the AIA pro bono program. The clearinghouse will function as a preliminary screening process that will include three screening checks: 1) a check for understanding of the patent system through a filing receipt for a pending application or a certificate of completion for a USPTO training course (web-based), 2) a patent search and 3) a check of financial income. Each level of screening will provide information regarding the intent and ability of the applicant to move forward in the patent process. The clearinghouse will forward eligible applicants to the appropriate regional program and non-eligible applicants to an affiliated law school pro bono clinic. It is anticipated that this part of the pro bono initiative should be operational by September 2012.

We expect that four to five regional pro bono programs will become active during 2012. The first program launched was in Denver, Colorado. This program opened its doors for clients in August and has already signed six clients. California opened its doors for clients with a soft launch, without public notice or advertisement, in early August 2012. Both Texas and the Washington, D.C., metro areas should have a regional pro bono program operational by early fall 2012. It is also anticipated that the metropolitan New York City regional program will launch in late fall or mid-winter 2012-2013. As each program launches, we will be making sure that inventors and small businesses are aware of the pro bono services available to them.

Work has commenced on the next round of regional programs. We anticipate that the eastern seaboard and the Midwest will be included in the regional programs for 2013. We also anticipate that both the Northwest and Southwest United States will have regional programs in 2013. By the end of September 2014 it is anticipated that all 50 states will be represented through regional programs spread across the United States.

To reach additional inventors and small businesses to inform them of these regional programs, we are expanding our webpages to include an interactive selection trail to make finding information easier.

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Information will be written in plain English rather than legal language. The number of video tutorials will increase. There will be direct access to the AIA pro bono Nationwide Clearinghouse with an explanation of the necessary requirements for the AIA pro bono program.

Also, the USPTO launched a beta version of the IP Awareness Assessment Tool this spring. This tool allows small businesses and inventors to assess their intellectual property needs and learn what steps they should take to protect these valuable assets. We partnered with the National Institute of Science and Technology Manufacturing Extension Partnership in the development of the tool and subsequent outreach to small businesses. The tool is located on numerous government agency websites, including BusinessUSA, and has been introduced to its target audience at numerous small business conferences. There is a link included with this tool that directs small businesses to the small business ombudsman for further assistance. Additionally, the Office of Innovation Development routinely answers inquiries from small businesses and inventors on a proactive basis. Through this assistance, small businesses and inventors that have filed applications and are experiencing difficulty with their examinations are directed to the proper technology center for assistance.

3) The Uruguay Round Agreements Act, Pub. L. 103-465, enacted in 1994, changed the length of a patent term from 17 years after the USPTO grants a patent to 20 years after the application date. This change did not apply to pending applications. I understand that there remain hundreds of pre-1995 applications pending at the USPTO and that, in general, they are pending because of delaying tactics by the applicants. Would it be helpful for the patent system, and would it save USPTO resources, if Congress required those applications to either issue as patents or be abandoned in a specified amount of time?

Answer: The USPTO appreciates Congress's interest in the problem of still-pending pre-URAA patent applications. There are currently 491 such applications pending, with 381 of these being held by a single individual. These applications have been the source of some frustration within the Office; some of the cases involve hundreds of claims, which the applicant, after receiving thorough rejections from the examiner, simply replaces (as permitted under USPTO rules) with another set of hundreds of new claims that need to be examined afresh. This sort of delaying tactic has contributed to the long pendency of many of the applications at issue. Nevertheless, the USPTO has made significant progress in examining them in the last few years, and is continuing to work diligently to enter final rejections and/or allowances in the remaining cases.

The USPTO is certainly interested in exploring with Congress ways, including legislative change, that would help cause these applications to be processed through the system more quickly. However, the USPTO is also concerned that any legislation would be challenged in court and that this could potentially result in even greater delays. As to the specific suggestion of imposing a time limit for issuance or abandonment of these applications, we recognize that such a requirement could present challenges.

The USPTO welcomes the opportunity to explore legislative options for dealing with these applications, and more generally with the ways in which applicants (even beyond pre-URAA applicants) have been able to legally delay issuance of patent claims to the detriment of the public at large.

Questions for the Record from Senator Amy Klobuchar (D-MN)

*for David J. Kappos,
Under Secretary of Commerce for Intellectual Property
and the Director of the U.S. Patent and Trademark Office*

*Hearing on "Oversight of the United States Patent and Trademark Office:
Implementation of the Leahy-Smith America Invents Act and
International Harmonization Efforts"*

June 20, 2012

1. I understand the Patent Office is planning to release its first-inventor-to-file rules in the near future. "Prior art" under the America Invents Act is defined, in part, as something "in public use, on sale, or otherwise available to the public." How will you anticipate addressing the scope of prior art in these areas? For example, will the Patent Office rely on any existing case law? Will there be definitions? Also, will the Patent Office treat all types of prior art as eligible for the grace period?

Answer: The USPTO has issued a notice of proposed rulemaking and a proposed guidance document, and conducted a public roundtable on September 6, 2012, to further the implementation of the first-inventor-to-file provisions of the AIA. The USPTO will also be conducting eight roadshows in September to share information about the AIA provisions that went into effect on September 16, 2012, and will discuss the USPTO's proposed implementation of the first-inventor-to-file provisions at these roadshows. The USPTO plans to keep the comment period for the first-inventor-to-file notices open until the end of these roadshows to give the public the maximum opportunity possible to provide input.

The proposed guidance document discusses the USPTO's interpretation of the scope of prior art under the AIA's 35 U.S.C. 102(a), the scope of the grace period provided for in the AIA's 35 U.S.C. 102(b), the definitions that are applicable under the first-inventor-to-file provisions of the AIA, and how the AIA affects the existing case law concerning 35 U.S.C. 102 and 103. The USPTO will issue a final rule and guidance document after considering the comments submitted by the public in response to the notices and the public roundtable.

2. There has been discussion of a technical corrections bill to revise the America Invents Act. How would the Patent Office view such a bill if it also included an amendment regarding claim construction in the new *inter partes* and post-grant review proceedings – specifically, as some have suggested that claims are to be given the same interpretation they are given by judges in district courts and the International Trade Commission?

Do you think the technical corrections bill being contemplated should be expanded to include any substantive, non-technical changes to the America Invents Act? If so, can you comment on whether it would make sense to wait for the law to be fully implemented and for all stakeholders to determine how it works before considering further substantive changes?

The USPTO supports making technical amendments to the AIA to clarify the statute and make other necessary corrections. Senate and House staff members have engaged the Office to discuss and review a number of items that could be addressed. One proposed amendment in these discussions that we were asked to review, drafted by Senate staff, seeks to address the estoppel standard to be used in appeals of post grant review (PGR) proceedings. In looking at the record, we believe a clerical error was made

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between reporting the text out of the House Judiciary Committee and the version considered on the House floor. Committee discussions in both the Senate and House reflected a compromise that intended a lower estoppel effect for these appeals as a way to best balance the interests of parties engaged in patent disputes. Such an error, if divergent from the compromise struck and thus the intent of Congress, does not represent a substantive change under the circumstances and should be addressed.

The USPTO would not support an amendment that would change the claim construction standard in the new *inter partes* review (IPR) and PGR proceedings for a number of reasons.

First, patent claims serve an important public notice function. To ensure the highest possible level of patent quality, the USPTO has for decades employed the broadest reasonable interpretation (BRI) standard to construe claims before the USPTO. Absent a change in the law or binding judicial interpretation, the USPTO will continue to do so in IPR and PGR proceedings for construing challenged patent claims, as well as any amended or new claims submitted by the patent owner in these proceedings. Only through the use of the BRI standard can the USPTO ensure that uncertainties of claim scope are removed or clarified.

Second, this approach represents good policy and strikes a fair balance. It ensures that the public can clearly understand the outer limits patentees will attribute to their claims. Since patent owners will have the opportunity to amend their claims when working with the USPTO, they will be able to resolve ambiguities and overbreadth through this interpretive approach, producing clear and defensible patents at the lowest cost point in the system. An essential purpose of the BRI standard in the amendment process is to encourage a patent owner to fashion clear, unambiguous claims.

In contrast, inconsistent results would become a major issue if the USPTO adopted a standard of claim construction other than the BRI standard, *e.g.*, the higher standard used in district courts, construing claims more narrowly so as to preserve their validity. This higher standard comes about because patents before a district court are presumed valid with a heightened “clear and convincing” standard of proof to demonstrate invalidity. Consistent with this heightened presumption of validity—and as there is no opportunity to amend and resolve ambiguities—district courts construe claims to uphold validity.

As the AIA contemplates, there may be multiple proceedings involving related patents or patent applications in the USPTO at a particular time. For example, there may be an IPR of a patent that is also subject to an *ex parte* reexamination or reissue application, where the patent is part of a family of co-pending applications all employing the same claim terminology. The USPTO applies the BRI standard in those proceedings, and major difficulties would arise if the USPTO were to handle multiple proceedings with different applicable claim construction standards. In this world, the same amendment made in an IPR and a pending application could result in an allowance in one case and a rejection in the other; or, the introduction of narrower language in a pending application and broader language in an IPR could result in an allowance of the broader language and a rejection of the narrower language. Clearly, these examples and many others would produce anomalous results, unhelpful to patentees, applicants, the public, and the system.

To avoid the potential of having distinct alternative claim constructions for a claim term arising in various proceedings before the USPTO and the inconsistent results flowing therefrom, a single standard, the BRI standard, should continue to be employed for proceedings before the USPTO. Continued use of this standard will ensure that the USPTO serves the patent community and makes full use of its resources in processing patent claims efficiently, effectively, and consistently.

Questions for the Record Senator Richard Blumenthal (D-CT)

*for David J. Kappos,
Under Secretary of Commerce for Intellectual Property
and the Director of the U.S. Patent and Trademark Office*

*Hearing on "Oversight of the United States Patent and Trademark Office:
Implementation of the Leahy-Smith America Invents Act and
International Harmonization Efforts"*

June 20, 2012

I would like to inquire about the progress that the United States Patent and Trademark Office (USPTO) has made in reducing the backlog of pending patent applications, and about the backlog of pending Requests for Continued Examination (RCE). I have heard from individuals who have spent years in the process without receiving a favorable result.

I wrote a letter to you earlier this month regarding the backlog of unexamined patent applications and RCEs. In recent years, the USPTO has made commendable progress in reducing the backlog of unexamined patent applications. While the backlog of total unexamined patent applications has dropped by about 10% over the past two years, the number of cases in the RCE backlog has more than doubled during the time. This the time that the application is considered unexamined only takes into account the RCE cases that are awaiting initial action. Once initial action is taken for these cases, an application which includes at least one RCE can expect to be pending for an average of 63.5 months – over five years. This long pendency for RCE filings creates uncertainty for American innovators and businesses.

With the passage of the Leahy-Smith America Invents Act, the USPTO has access to more resources to address the patent application backlog. I would appreciate your response to the following questions:

Question: How do you intend to utilize these resources to reduce the backlog of new patent applications and RCEs?

Answer: The USPTO intends to hire 1,500 examiners in FY2012 and a significant number in FY2013 as well in order to build the base of new examiners. In addition, the USPTO intends to authorize overtime production for all eligible examiners for the next four years. The combination of overtime and hiring increases our productivity and ability to reduce the backlog of our applications by approximately 40% by FY2015 compared to FY2011.

Question: What changes can be made to the RCE process so applicants who file RCEs in the future will have their application considered in a timely fashion?

Answer: The USPTO recognizes the growth of the Request for Continued Examination (RCE) backlog and has been working on finding ways to address the surge. For example, on December 19, 2011, the USPTO placed in effect the Prioritized Examination program for RCEs. In this program, an original nonprovisional utility or plant patent application filed under 35 U.S.C. 111, or having entered the national stage under 35 U.S.C. 371, in which a RCE has been filed, or is concurrently being filed, is eligible for Prioritized Examination.

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The goal for handling applications under this prioritized examination program is to provide, on average, a final disposition within twelve months of prioritized status being granted. More information about this program can be found in http://www.uspto.gov/patents/init_events/Track_One.jsp.

With our After Final Consideration Pilot (AFCP) and Quick Path IDSs (QPIDS) programs, the need for filing subsequent RCEs will decrease. With this decrease, our resources can be utilized to examine other RCEs already pending, thus reducing the backlog of RCEs and increasing the speed at which new RCEs are picked up for examination.

Management, working with the Union, is developing a plan to move the RCE applications which have the oldest filing dates.

Question: Are there resources to which you can direct applicants who have been involved in the approval process for years, in order to ensure a more timely resolution of his patent application?

Answer: Yes. The USPTO has a number of programs and resources in place that applicants can use to ensure a timely resolution of their patent applications. These programs help accelerate patent prosecution so that the applicant finds out more quickly whether a patent will be granted, thus speeding opportunities for potential investment and/or bringing products to market. Some of the programs and resources are listed below:

- **Ombudsman Program.** Now in its second year, the Patents Ombudsman Program enhances the USPTO's ability to assist applicants or their representatives with issues that arise during patent application prosecution. More specifically, when there is a breakdown in the normal application process, including before and after prosecution, the Patents Ombudsman Program can assist in getting the application back on track.
- **After Final Consideration Pilot.** The After Final Consideration Pilot (AFCP) is part of the USPTO's on-going efforts toward compact prosecution and increased collaboration between examiners and stakeholders. The AFCP authorizes extra time for examiners to consider responses filed after a final rejection. If a response is filed under 37 CFR §1.116 and is up for consideration by the examiner in charge of the application between these dates, the examiner will determine whether he or she should take advantage of the time authorized by the pilot to consider the response. Examiners will use their professional judgment to decide whether the response can be fully considered, including whether any additional search is required, within a three hour time limit in order to determine whether the application can be allowed. A special request is not required for consideration of an amendment under this pilot program.
- **Quick Path Information Disclosure Statement.** The USPTO is implementing the Quick Path Information Disclosure Statement (QPIDS) pilot program as part of its on-going efforts toward compact prosecution and pendency reduction. In particular, the QPIDS pilot program will eliminate the requirement for processing of a RCE with an information disclosure statement (IDS) filed after payment of the issue fee in order for the IDS to be considered by the examiner. Where the examiner determines that no item of information in the IDS necessitates reopening the prosecution, the USPTO will issue a corrected notice of allowability.
- **Prioritized Examination.** Prioritized examination is a procedure for expedited review of a patent application for an additional fee. The Office's goal for prioritized examination is to provide a final disposition within twelve months of prioritized status being granted. Nonprovisional utility and plant patent applications filed under 35 U.S.C. 111(a), having no more than 4 independent

claims, 30 total claims, and no multiple dependent claims, and filed on or after September 26, 2011, are eligible for Prioritized Examination (Track One). Original nonprovisional utility and plant patent applications filed under 35 U.S.C. 111, or having entered the national stage under 35 U.S.C. 371, in which an RCE has been filed, or is concurrently being filed, are eligible for Prioritized Examination. A request for prioritized examination must be made before an Office action responsive to the RCE has been mailed. More information about this program can be found at http://www.uspto.gov/patents/init_events/Track_One.jsp.

- **Accelerated Examination.** The Accelerated Examination procedure is designed to give applicants quality patents in less time by guaranteeing a final action within one year. In exchange for quick examination, patent examiners will receive more focused and detailed information about the invention, as well as identification of the most relevant prior art from the applicants. This increased disclosure upfront by applicants will help examiners more quickly make the correct decision about whether a claimed invention deserves a patent. More information can be found at <http://www.uspto.gov/patents/process/file/accelerated/index.jsp>.
- **First Action Interview Pilot.** An applicant is entitled to an interview with the patent examiner prior to the first Office action on the merits in a new utility application. The program has shown that the patent process benefits when interaction between the applicant and the examiner is enhanced at the beginning of examination because patentability issues can be resolved early when the applicant and the examiner discuss them one-on-one. For the applications involved in the initial pilot, the First-Action Allowance rate increased six-fold when compared to applications from the same technology area not involved in the pilot. More information can be found at http://www.uspto.gov/patents/init_events/faipp_landing.jsp.
- **Interview Practice.** An applicant is also encouraged to contact the examiner of his/her application to request an interview about the rejection or the application. Having an interview can help bring any issue to a conclusion. Many times the interview will result in claim language that can move the application forward to a patent. Pro se applicants may request an interview in person or via telephone with the examiner and his/her supervisor if necessary. However, if the applicant has hired a patent professional to interact with the USPTO, then only that professional can request an interview. If an applicant feels that an interview may assist in getting a patent, he/she should discuss this with the patent attorney or agent. In some instances, the inventor may participate in the interview with his/her attorney or agent and the examiner. These interviews allow the inventor to better understand the patent process and offer suggestions as to the full nature of the invention.
- **EFS Legal Notice.** This change in procedure allows contractors rather than employees to submit the patent application documents via the EFS-Web electronic system. Since small entities are more likely to benefit from contract support (as they cannot dedicate staff resources to it), this will be particularly helpful to inventors and small entities.

Questions for the Record Senator Grassley (R-IA)

*for David J. Kappos,
Under Secretary of Commerce for Intellectual Property
and the Director of the U.S. Patent and Trademark Office*

*Hearing on "Oversight of the United States Patent and Trademark Office:
Implementation of the Leahy-Smith America Invents Act and
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June 20, 2012

PLT and Hague Convention

Director Kappos, I appreciate your testimony about the need for implementing legislation for the Patent Law Treaty and the Geneva Act of the Hague Agreement Concerning the International Registration of Industrial Designs. It's important to do what we can to facilitate the international patent process for American entrepreneurs and inventors so that their intellectual property rights are protected abroad.

Can you elaborate on the benefits that American patent holders will see if we enact implementing legislation for these two treaties?

Hague Agreement on Industrial Designs

Answer: Design is an important form of innovation and an important means for establishing a competitive advantage in the marketplace. Protection of industrial designs is especially important for inventors and entities competing in market places for which functional elements may not differ significantly from product to product and where the appearance of products may serve as a key distinguisher in marketplace success. American designers have historically been among the most innovative designers, as shown by many of the products we use on a daily basis.

Participation in the Hague system provides a number of benefits to applicants from member states. The Hague system provides for lower transaction costs for applicants through creation of a single application in one language with one set of minimal filing requirements. Likewise, American applicants would experience reduced burdens by not having to apply directly at each member state patent office, which often requires local counsel in each of the jurisdictions in which protection is sought. Benefits for American patent holders would continue after initial filing, as the Hague system also provides for simplified case management of international registrations through the International Bureau (IB) of WIPO. By enacting implementing legislation that allows for U.S. membership in the Hague Agreement, U.S. enterprises will be given another tool to assist them in competing in an increasingly global marketplace. The home countries of many of the competitors to American businesses are either already members of the Hague system or have publicly indicated they are looking to join in the very near future. As such, membership in the Hague agreement would not only provide a benefit, but may also be seen as a "minimal step required" to help American patent holders to keep pace with our trading partners across the globe.

Patent Law Treaty

Answer: The Patent Law Treaty (PLT) is designed to harmonize and streamline the formal procedural requirements for national and regional patent applications. Therefore, the PLT will make it easier for U.S. patent applicants and patent owners to obtain and maintain patents throughout the world, as well as

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in the United States, by simplifying and, to a large degree, merging national and international formal requirements. For example, under the PLT, the USPTO, like the Office of any member party, must accord a filing date to a patent application which meets three formal requirements: (1) an indication that the elements received by the Office are intended to be an application for a patent of an invention; (2) indications that would allow the Office to identify and/or contact the applicant; and (3) a part which appears to be a description of the invention. No additional elements can or will be required for a filing date to be accorded. Thus, U.S. applicants, whether domestically or in PLT member states, will have increased certainty that their filings satisfy the requirements for receiving a filing date associated with patent rights.

Further, implementation of the PLT provides reasonable relief in respect to time limits and reinstatement of rights when an applicant has unintentionally failed to comply with a time limit, resulting directly in a loss of rights. For example, the PLT provides a more forgiving mechanism for correcting or adding priority claims and restoring priority rights. Implementation of the PLT will aid American patent holders by making various standards and processes more "applicant friendly." For example, it would make the process of granting a filing date for a patent application and reinstating substantive rights when an applicant has unintentionally failed to comply with a time limit easier. These less severe requirements will likely be especially beneficial for smaller patent holders (e.g., pro se applicants) who may not have the benefit of sophisticated legal counsel to assist them in navigating the complexities of patent prosecution here in the United States and/or abroad.

• Can you also elaborate on the benefits that smaller patent holders will enjoy if we enact the implementing legislation that you've proposed?

Answer: According to WIPO, despite the United States not being a member, two U.S. companies were on the 2011 list of "Top Hague applicants." An applicant must be a national of a Contracting Party or member state, have a domicile in the territory of a Contracting Party, or have a "real and effective industrial commercial establishment" in the territory of a Contracting Party to avail itself of the Hague system. Despite the United States not being a member, in some instances larger enterprises with "real and effective industrial commercial establishments" in member states are able to use these ties to properly use the Hague system. However, small and medium size enterprises typically do not have as extensive a foreign presence such that they can avail themselves of the Hague agreement through this "back door" to the Hague system. As such, U.S. membership to the Hague system will allow small and medium size enterprises to take advantage of the Hague system that some larger enterprises are already using. Larger entities too will benefit from assured access to the system and ability to file based upon their American nationality, rather than relying on certain ties in a foreign member state.

The PLT will make it easier for U.S. patent applicants and patent owners, both small and large entities, to obtain and maintain patents throughout the world, as well as in the United States, by simplifying and, to a large degree, merging national and international formal requirements. This would be especially beneficial for independent inventors who may not have the benefit of sophisticated legal counsel to assist them in navigating the complexities of patent prosecution here in the United States and/or abroad.

General America Invents Act Implementation

Director Kappos, I'd like you to discuss how Patent Office users have been dealing with the changes to the patent system.

• How receptive have patent system users been with respect to the changes that have been implemented/are being implemented as a result of the passage of the America Invents Act?

- What do you see as being the biggest success of the America Invents Act so far? What about the biggest failure?
- Do you anticipate any problems with the transition from the first to invent to the first-inventor-to-file system? How are you making sure that the transition proceeds smoothly?
- How do you know that the “quality” of patents has improved? Can you tell that yet, or is it too soon to tell?

Answer: While only a few of the AIA’s changes have been fully implemented to date, we are pleased with the response thus far of our stakeholders in the implementation process. They have commented very favorably on the transparency of our implementation process and the extent of our outreach.

We believe that the biggest success of the AIA so far is the broad based understanding that the law presents a clear path to improving patent quality, reducing patent application backlog and pendency, reducing domestic and global patenting costs for U.S. innovators, providing greater certainty with respect to patent rights, and offering effective administrative alternatives to costly and complex litigation. We have not identified any “failure” of the AIA, other than the need to make some necessary technical corrections.

We do not anticipate any significant problems in the transition to a first-inventor-to-file system. We recently published a proposal to amend the rules of practice in patent cases to implement the transition. We also proposed examination guidelines to inform the public and patent examiners of our interpretation of the first-inventor-to-file provisions. The guidelines likewise are intended to advise the public and patent examiners how the changes introduced by the first-inventor-to-file provision impact the sections of the Manual of Patent Examining Procedure pertaining to novelty and obviousness.

In addition to soliciting stakeholder comments via publication in the *Federal Register*, we also look forward to discussing the proposed rules and guidance at a series of “roadshows” scheduled to occur in Alexandria, Va.; Atlanta, Ga.; Denver, Colo.; Detroit, Mich.; Houston, Texas; Los Angeles, Calif.; Minneapolis, Minn.; and New York, N.Y., this September.

Further information about the proposed rules and guidelines may be found in the Federal Register Notice: http://www.uspto.gov/aia_implementation/first-inventor-to-file_proposed_rules.pdf. Further information about the “roadshows” may be found on the AIA micro-site available at http://www.uspto.gov/aia_implementation/roadshow.jsp.

While we have an array of quality measurement programs and continue to see improvements in relevant statistics, it would be premature at this point to specifically attribute those improvements to enactment or implementation of the AIA.

Standard Essential Patents

Director Kappos, I appreciate your responses to questions at the Judiciary Committee hearing relative to standard essential patents or “SEPs.” I’d like you to elaborate on this subject.

- Does the Patent Office have an official position relative to SEPs? Please provide it. If the Patent Office does not have an official position, could you elaborate on your opinion on SEPs?

Answer: The USPTO does not have an official position relative to standards essential patents, but we are closely monitoring the issue. In my view, standards essential patents raise important questions that require balancing the rights of patent holders with those of organizations and companies that have implemented a standard. Standards, and particularly voluntary consensus standards set by standards

developing organizations (SDOs), have come to play an increasingly important role in our economy. Interoperability standards have paved the way for many important innovations, including the complex communications networks and sophisticated mobile computing devices that are hallmarks of the modern age.

However, collaborative standard-setting does not come without some risks. For example, it is common for a standard to incorporate patented technology owned by a participant in the standard-setting process. Once the standard becomes established, it can – depending upon circumstances – be difficult and expensive to switch to a different technology. As a result, the owner of that patented technology could potentially engage in activities that some commentators have characterized as “patent hold-up,” by asserting the patent to exclude a competitor from a market or obtain a higher price for its use than would have been possible before the standard was set, when alternative technologies could have been chosen.

In an effort to reduce this type of opportunistic conduct in relation to standards, some SDOs have relied on voluntary licensing commitments by their participants, including commitments to license the patents they own that are essential to the standard on reasonable and non-discriminatory (RAND) terms. SDOs and their members may rely on these RAND commitments to facilitate bilateral licensing negotiations necessary for successful widespread adoption of a standard, and to provide assurances to implementers of the standard that the patented technologies will be available to those parties willing and able to license them on RAND terms.

RAND commitments accordingly may affect the appropriate remedy for infringement of a standard essential patent. For example, depending upon the facts of a given case, an injunction or exclusion order based on a RAND-encumbered patent might be inappropriate where an alleged infringer has demonstrated that it is willing and able to abide by RAND licensing terms under the relevant SDO’s policies. By the same token, a RAND commitment does not stand for licensing under any terms and conditions. An alleged infringer could refuse to negotiate licenses on RAND terms, on the belief that, at worst, it would be sued, and after litigation would be required to pay the same royalty amount it would have been required to pay for a license before litigation. I believe that we collectively need to continue thinking about the issues surrounding RAND encumbered patents – including how to determine whether licensing negotiations satisfy RAND commitments.

• Has the Patent Office been engaged in discussions with the Federal Trade Commission and the Justice Department in their assessment of SEPs?

Answer: Our staff has engaged in discussions with both of these governmental units, and we hope to continue to coordinate with them on these issues. As an executive branch agency under the aegis of the Department of Commerce, the USPTO shares a reporting structure with the Department of Justice, which enhances our opportunities for collaboration with the Department.

• Has the Patent Office been following the ongoing litigation at the International Trade Commission and in federal court on SEPs? Has the Patent Office weighed in with the International Trade Commission regarding SEPs?

Answer: We have been monitoring the ongoing litigation on standard essential patents in both the U.S. International Trade Commission (ITC) and the federal courts. The USPTO has not weighed in to the ITC regarding standard essential patents at this date.

PTO Travel Investigation

At the Judiciary Committee hearing, I asked you about travel and conference related expenditures for the two day intellectual property conference in Tokyo, Japan. Specifically, I raised concerns about the lack of documentation for conference expenses contained in the Patent Office's October 2011 written response to my inquiry. I appreciate you taking the opportunity at the hearing to expand on that response and to assure me that you would make every effort to provide the documents I requested. As follow-up to our discussion at the hearing, I have a few more questions about the Patent Office's travel expenses for the Federal Circuit International Series conferences:

- It is my understanding that the Patent Office spent approximately \$181,000 to support the Tokyo conference. However, according to the response to Question 4 of my letter, the Patent Office had not yet processed the final actual expenses for this trip. Please provide a detailed list of all final conference costs and travel expenses paid for by the Patent Office.

Answer: The total cost borne by the USPTO for this conference for travel-related expenses was \$78,446.45. This cost supported the travel, room, and board for three USPTO employees and six sitting Federal Circuit Judges. A breakdown of these costs is as follows:

| Travel | Hotel | Meals | Other | Total |
|-------------|------------|------------|------------|-------------|
| \$50,347.30 | \$9,316.00 | \$9,778.75 | \$9,004.40 | \$78,446.45 |

In addition, the USPTO paid for \$97,310.73 in conference costs, for a total of \$175,757.18 related to this conference.

- At the hearing, you stated that the Patent Office recently sponsored an intellectual property conference in China. Please provide a detailed list of all final conference costs and travel expenses paid for by the Patent Office for the China conference.

Answer: The total estimated cost borne by the USPTO for this conference was \$67,981.08. This cost supported the travel, room, and board for four USPTO employees and seven sitting Federal Circuit Judges. Breakdown of these costs is as follows (estimates pending final expense reports):

| Travel | Hotel | Meals | Other | Total |
|-------------|-------------|------------|------------|-------------|
| \$42,726.90 | \$13,484.40 | \$8,219.50 | \$3,550.28 | \$67,981.08 |

In addition to the above costs, the USPTO also covered a share of program costs for this conference, however, final conference costs are not yet available.

- Following the most recent conference in Beijing, China, has the Patent Office agreed to co-sponsor additional conferences during the next three years? If so, when and where are these conferences scheduled to take place?

Answer: No, at this time we have not agreed to co-sponsor any additional judicial conferences with the U.S. Court of Appeals for the Federal Circuit.

- In my September 2011 letter, I requested specific Patent Office conference and seminar sponsorship and travel documents which were not provided in your October 2011 response. Please provide the documents outlined in Questions 6 and 7 of my letter.

Questions for the Record for David J. Kappos (Page 13 of 25)

Answer: Questions 6 and 7 of your September 2011 letter requested detailed information regarding hundreds of programs that the USPTO either organized or participated in by sending USPTO employees to attend. USPTO conference activities are predominantly directed to international training and are critical to achieving our educational mission and consistent with various Congressional mandates. I share your concern about avoiding waste, fraud, and abuse at federal agencies. I can assure you that during my tenure, I have emphasized that we must maximize our outreach efforts with greater efficiency and in the most cost-effective manner, thus keeping costs to a minimum.

For the past three fiscal years, our Global Intellectual Property Academy (GIPA) increased both the number of training programs offered and total number of participants trained while reducing the total cost, as well as the average cost per program and average cost per participant. In FY2009, the average cost per program was \$46,992 and the average cost per participant was \$1,017. For FY2011, the average cost per program dropped to \$19,727 and the average cost per participant dropped to \$527 (see chart below).

| Year | Average cost per program | Average cost per participant |
|--------|--------------------------|------------------------------|
| FY2009 | \$46,992 | \$1,017 |
| FY2010 | \$33,734 | \$786 |
| FY2011 | \$19,727 | \$527 |

The USPTO will continue its focus on improving cost efficiency and maximizing resources while reducing costs as additional programs are planned. My staff is happy to brief you at a convenient time on the variety of programs, the individuals trained, the average costs of these events, and the cost savings achieved to date.

Questions for the Record from Senator Orrin Hatch (R-UT)

*for David J. Kappos,
Under Secretary of Commerce for Intellectual Property
and the Director of the U.S. Patent and Trademark Office*

*Hearing on "Oversight of the United States Patent and Trademark Office:
Implementation of the Leahy-Smith America Invents Act and
International Harmonization Efforts"*

June 20, 2012

It is apparent that fairly settled areas of the law are no longer as they used to be. For example, the area of patent-eligible subject matter comes to mind.

- Going forward, what challenges do these changes create for the USPTO, as well as for our patent community and country?
- Do you see a role for Congress in further clarifying these areas of the law?

Answer: As Congress recognizes, there are areas of patent law that are clearly in a state of flux, especially subject matter eligibility, that pose challenges to the USPTO. One of the primary challenges involves providing clear guidance and training to the approximately 7,200 patent examiners to ensure consistent and accurate patent application examination results. Changes in the law also can increase pendency as more Office actions may be necessary to make adjustments during prosecution in light of those changes. Additionally, legal uncertainty promotes the development of prosecution tactics on the part of applicants and their attorneys designed to preserve the value of their inventions contingent on differing outcomes in the law's development. This contributes to backlog and pendency before the USPTO. For the public, uncertainty in the law disturbs settled expectations for issued patents and can affect enforceability when the changes raise questions regarding validity.

Despite these challenges, the USPTO is accustomed to adapting to changes in the law and regularly issues updated guidance and training when needed. As a case in point, the Office has adapted and trained examiners regarding the clarification on the standard of obviousness articulated by the Supreme Court in *KSR v. Teleflex* and, more recently, has issued interim guidance on subject matter eligibility of claims involving laws of nature in response to the Supreme Court's decision in *Prometheus v. Mayo*.

Regarding subject matter eligibility in particular, the USPTO anticipates that resolution of key cases at the Federal Circuit will provide additional guidance that can be used to refine the current examination procedure. However, the USPTO would welcome the opportunity to work with Congress in applying the relevant laws and implementing the clarifications anticipated from the Court. As these cases resolve, the USPTO looks forward to working together with Congress to determine whether additional legislative assistance will be needed.

You mentioned at the conclusion of your testimony that economic growth and job creation are dependent upon the effectiveness of intellectual property protection and the efficiency of the USPTO.

- **In your opinion, in the post-America Invents Act environment, what else can be done? In other words, what has the new law not fully addressed with regards to improving the efficiency of the USPTO and strengthening intellectual property protection?**

Questions for the Record for David J. Kappos (Page 15 of 25)

Other than technical corrections to the AIA, we do not believe that any substantive legislative changes to patent law are immediately necessary to improve USPTO efficiency or strengthen intellectual property protection. We look forward to working within the Administration and with the Congress to analyze the effects of AIA implementation and determine whether further improvements are warranted.

Questions for the Record Senator John Cornyn (R-TX)

*for David J. Kappos,
Under Secretary of Commerce for Intellectual Property
and the Director of the U.S. Patent and Trademark Office*

*Hearing on "Oversight of the United States Patent and Trademark Office:
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June 20, 2012

• There have been reports of companies licensing technology to third-party "non-practicing entities" for the purpose of bringing an infringement claim and precluding a countersuit. Are you aware of these reports? Are they accurate? Does the practice they describe undermine innovation and competition? Do you have the tools to fight this kind of activity? If not, what would you need to deter this kind of conduct?

Answer: We are aware of such reports. We are in the process of trying to learn more about this practice, the extent to which it exists, and how it may affect the patent system. If the relevant patents are invalid, affected entities may bring them to the agency's attention through one of the many administrative procedures that the USPTO currently has in place for challenging patent validity, or soon will have in place following the implementation of the procedures established by the America Invents Act. To the extent that these practices may undermine competition, we are interested in working with the competition agencies to explore and address the issue.

• There has been significant controversy recently about whether a reasonable and nondiscriminatory licensing obligation travels when a standard essential patent is sold or transferred by its owner. What impact would it have if RAND commitments did not travel with a patent transfer? In your opinion, should they? Why or why not?

Answer: Patent portfolios can be sold or otherwise transferred by their owners. The press has reported a number of high-profile patent portfolio transfers in the technology sector in the last several years. If RAND obligations do not travel with patent transfers, the potential for "hold-up" from the network effects of a standard could potentially be increased given the volume and ease of such transfers. In particular, in some circumstances, the new patent owner would be in the position to potentially exclude a competitor from a market or obtain a higher price for licensing the patent than would have been possible before the standard was set, when alternative technologies could have been chosen.

At least one district court has suggested that RAND obligations did not survive a transfer to a non-participant in a standards developing organization (SDO), where the SDO's patent policy only expressly required "participants" to provide a written agreement to license on RAND terms. *Vizio, Inc. v. Funai Elec. Co. Ltd.*, 2010 WL 7762624 (C.D. Cal. 2010). Without expressing any opinion on the decision in that case, I believe that the policies of an SDO should be given weight in the determination of whether RAND obligations travel with patent transfers. SDOs also should be encouraged to provide clear guidance that RAND obligations travel with a patent transfer.

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• The International Trade Commission has become an increasingly popular venue for patent infringement litigation. As you know, its processes and available remedies differ from federal courts. Please provide your view of the ITC as a patent infringement suit venue. If you feel it needs reform, please explain how.

Answer: The International Trade Commission is an important venue for holders of U.S. patent rights to assert claims for infringement where the requirements of its governing statute, 19 U.S.C. § 1337, are met. The USPTO does not have a position on whether the ITC needs reform.

Questions for the Record for David J. Kappos (Page 18 of 25)

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Questions for the Record from Senator Mike Lee (R-UT)

*for David J. Kappos,
Under Secretary of Commerce for Intellectual Property
and the Director of the U.S. Patent and Trademark Office*

*Hearing on "Oversight of the United States Patent and Trademark Office:
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June 20, 2012

1. A key feature of the America Invents Act is the new post-grant review system. When it takes effect, this new process will significantly expand the ability of third parties to challenge the validity of patents. Under the estoppel rules applied to such proceedings, a party will be estopped in any future proceedings—whether before the PTO, ITC, or a federal court—from raising any ground of invalidity that is raised or could have been raised in the post grant review proceeding. Some have noted concern with the breadth of these estoppel rules and have suggested that they may undermine the incentives of parties to use the process for fear that the consequence of the estoppel rules is too great.

a. Could you provide an update on where the agency is in the process of implementing the new post-grant review system and also comment on any reactions you are receiving with respect to the estoppel rules?

Answer: I am pleased to report that our efforts implementing the new post-grant review system are proceeding on schedule. We are also pleased that stakeholders have commented favorably on our transparent implementation process and the extent of our outreach. Our AIA microsite¹ contains all implementation-related materials including summary documents, legislative history, implementation-related events, announcements, and points of contact. In addition, the USPTO conducted a number of presentations before the comment period ended in an effort to educate the public on the proposed rules. Now that the final rules have published, the USPTO is conducting eight roadshows in September 2012 to share information about these post-grant procedures. From September 10th through the 28th, the USPTO will be holding these roadshows in Alexandria, Va.; Atlanta, Ga.; Denver, Colo.; Detroit, Mich.; Houston, Texas; Los Angeles, Calif.; Minneapolis, Minn.; and New York, N.Y. to share information about the AIA provisions that go into effect on September 16, 2012.

Similarly our efforts to increase the number of administrative patent judges and our internal capabilities consistent with the new processes continue to be successful. The Office's efforts at increasing the number of administrative patent judges are detailed in the monthly report to the Department of Commerce.

We appreciate the significant and helpful input on these issues we have received from our stakeholders, all of which are posted on the AIA microsite. Our AIA implementation team reviewed the 251 written submissions of comments received from individuals, IP organizations, IP practitioners, other government entities and academic institutions regarding the proposed rules for the new trial procedures, in connection with review of a number of pre-rule making comments. We received excellent input on the proposed rules enabling us to make many substantive improvements.

¹ USPTO's AIA Implementation Micro-site: http://www.uspto.gov/aia_implementation/index.jsp

The regulations for the new administrative trials are aimed at streamlining and converging issues for decision while giving flexibility to the parties to determine the manner of putting forward their case. In order for the new trial proceedings to serve as a quick and cost effective alternative to litigation, the rules will provide the parties with flexibility to tailor the scope and timing of discovery and other requests subject to the guidance of neutral, disinterested judges at the new Patent Trial and Appeal Board. By providing parties with these tools, it is anticipated that the current inefficiencies of *inter partes* reexamination will be reduced and potential future abuses of the *inter partes* review process will be avoided.

We responded to the public comments in our Final Rules which issued on August 14, 2012. The rules will become effective on September 16, 2012, giving us a window of time in which to educate our staff and the public on the final rules in advance of implementation. Our eight September roadshows are one example of our efforts in this regard. And, recognizing the importance of continuous improvement in this complex rulemaking process, we have made clear our intent to gather more input once users gain experience with the rules, with an eye toward further improvement and refinement.

The statutory estoppel provisions in 35 USC 325(e) extend to a petitioner's real party in interest and privies. The Office received conflicting public input on how broadly the rules should define the parties subject to the extension.

The Office has also received some input that the "reasonably could have raised" statutory estoppel provisions for subsequent civil actions provided in 35 U.S.C. 325(e)(2) may limit the desirability of the post-grant review provision for some potential petitioners.

b. In your view, would a subsequent Congressional act narrowing those estoppel rules upset the balance inherent in the post-grant review process as currently contemplated under the AIA?

Answer: While it is not clear why the heightened estoppel provisions were added to the post-grant review procedure, the legislative record including committee reports leading up to passage of the bill indicate that the drafters of the legislation intended to have a lower estoppel standard (that of merely "raised") for appeals of a final decision from a post grant review to the federal court. On substance, it is likely that removing those provisions will increase the chances that patents will be challenged. Discovering evidence of all of the grounds authorized by post-grant review (e.g., prior uses and on sale activities) within nine months of a patent grant will likely be a difficult task for a potential challenger. A party recognizing that it may be unaware of the best evidence of unpatentability, and that if it files a post-grant review it may be unable to raise the best evidence after it is discovered, may be unwilling to file a petition for post-grant review. Amending the estoppel provisions to eliminate the "could have raised" estoppel for subsequent civil actions for all or certain grounds would likely, and we believe on balance constructively encourage the use of the post-grant review provisions.

c. Do you share the concerns expressed by some commenters that the AIA's broad estoppel rules will lead to under-utilization of the post-grant review process?

Answer: We agree that some potential petitions for post-grant review may not be filed because of the current estoppel provisions. The statutory estoppel provisions put a high premium on completeness of both first post-grant review and *inter partes* review petition. For *inter partes* review, the estoppel provisions are consistent with the impact of similar provisions in *inter partes* reexamination. Requests for *inter partes* review or reexamination are limited to requests based on patents or printed publications. Petitioners conducting a high quality search and exercising appropriate diligence in the review of the search and preparation of the request or petition for review have a high likelihood of making the best

possible case of unpatentability. Post-grant review, however, adds prior uses and on sale activities as possible grounds. The additional grounds are often difficult to discover, particularly early in the process.

d. If the estoppel rules were narrowed, would you be concerned it would lead to undue opportunity for multiple challenges to the validity of patents?

Answer: The post grant review statutes encourage petitioners to set forth their best arguments and evidence in their petitions. Narrowing the estoppel rules would offset some of the risks inherent in challenging a patent at an early stage when all relevant information may not be readily available. This appears to be the intent of the drafters of the legislation and it is our understanding that a technical amendment has been proposed to narrow the estoppel rules.

2. In light of what is often at stake in patent disputes, it would seem that discovery disputes, and attempts to prolong and abuse the process might be a real threat to the effective functioning of the post-grant review process.

a. Can you provide a brief update on where you are in your determination of discovery rules for the post-grant review process, and whether you [are] leaning more in favor of a strong and detailed standing order regarding discovery or more flexible rules that would change case by case?

Answer: We are committed to providing a process that will timely complete review proceedings within one year following institution and that will lower the costs relative to litigation. Open ended, high cost discovery, as is often practiced in patent civil litigation, will not be available. Rather, where a party submits an affidavit or declaration of a witness, cross examination of that witness will be available. Consistent with 35 U.S.C. 316(a)(5) and 326(a)(5), any other discovery will be limited and will require a party to justify the additional discovery. This standard would not change, but would be applied based on the facts of each case. We recognize that some of the regulated public desire additional discovery. Where the parties agree to the additional discovery, our rules will permit that additional discovery.

b. What do you view as the most significant challenges the agency is facing in setting up the proper discovery framework for the post-grant review process?

Answer: Congress has provided significant guidance in how the discovery framework should be set up in 35 U.S.C. 316(a)(5) and 326(a)(5). Similarly, Congress provided guidance in the form of considerations to be used in proscribing regulations in 35 U.S.C. 316(b) and 326(b). We recognize that the standard for discovery is quite different from that used in most civil actions related to patents. Because of the differences between the discovery framework provided in the AIA and district court discovery, we recognize the rules that we prescribe and the guidance provided by the USPTO will differ from how discovery is typically conducted in civil action. Providing sufficient guidance to the public on how to conduct discovery is likely to be the most challenging part of setting up the framework.

Questions of Senator Tom Coburn, M.D. (R-OK)

*for David J. Kappos,
Under Secretary of Commerce for Intellectual Property
and the Director of the U.S. Patent and Trademark Office*

*Hearing on "Oversight of the United States Patent and Trademark Office:
Implementation of the Leahy-Smith America Invents Act and
International Harmonization Efforts"*

June 20, 2012

Fee Diversion

1. For FY 2012, after two continuing resolutions, Congress finally appropriated approximately \$2.7 billion to the PTO, correct?

Answer: Correct, \$2.7 billion was appropriated.

a. Does the PTO anticipate collecting more than the \$2.7 billion it was appropriated? Why or why not?

Answer: The USPTO anticipates collecting less than \$2.7 billion during FY 2012. This is principally due to the surge in collections experienced at the end of FY 2011, as applicants and patent holders opted to make certain fee payments prior to the September 26 effective date of the 15 percent interim surcharge authorized in the America Invents Act. Many customers paid fees in FY 2011 that would otherwise have been paid in FY 2012. As is our usual practice, USPTO provided an updated fee projection number to the appropriations committees before the FY2012 bill was passed.

b. If yes, when do you expect to be able to submit a reprogramming request to the Appropriations Committee in order to ask for access to the Fee Reserve Fund?

Answer: The USPTO does not anticipate collecting more than the \$2.7 billion FY 2012 appropriation, and therefore a reprogramming from the Fund will not be necessary.

c. Will the requirement that PTO provide 15 days' advance notice to the Appropriations Committee prior to receipt of the funds pose any problems to the PTO as the end of the fiscal year draws to a close?

Answer: The advanced notice requirement has not been a problem for the USPTO in the past, and a reprogramming for this purpose during FY 2012 will likely not be necessary.

2. For FY 2011, Congress passed a series of continuing resolutions (CRs) beginning in September 2010. In fact, Congress had to pass a total of eight CRs to fund the government for FY 2011, and it was not until the eighth CR that the PTO finally received an actual appropriation that was an increase over 2010.

For FY 2012, Congress also had to pass a series of CRs before specifically funding various agencies. It was not until November 18th, after two CRs, that Congress provided funding to the PTO for 2012, almost 2 months into the fiscal year.

It appears continuing resolutions, in particular, pose a problem to the ability of the office to collect all of its fees. In fact, in the PTO section of the President's FY 2013 budget request, PTO notes the final FY 2011 appropriation forced the office to operate "at a level that was about 10 percent below its FY 2011 requirements, which resulted in the need to postpone the implementation of many strategic plan initiatives."

a. How did the uncertainty of the appropriations process during multiple CRs over the course of six months for FY 2011 and two months for FY 2012 affect the PTO's budget, operational planning and ability to access its fees collected during this time?

Answer: Uncertainties posed to the USPTO by CRs are comparable to those faced by other Federal agencies. The USPTO is bound to the same resource management policies guiding most other agencies, and CRs often set funding levels below the previous year.

This can present planning and execution challenges, particularly for those agencies that have been growing, such as the USPTO. As the USPTO grows in line with its strategic plan to reduce patent pendency, CRs make it highly likely that the agency will live at an artificially low funding level for part of the fiscal year. For instance, while the agency's FY12 spending authority is \$2.7 billion, and we anticipate collecting approximately \$2.5 billion this year, during the FY12 CR, the agency was held to the much lower FY11 level of \$2.09 billion. This, along with the uncertainty involved with not knowing the full year spending authority or the duration of the CR, makes it extremely difficult to support a growing examiner corps, and to move forward in an efficient manner with annual hiring plans and strategic investments. As has been done in the past, the USPTO managed its operations within the constraints of available fees and the CR funding level provided by the Congress. However, the uncertainty necessarily produces inefficiencies in our planning and operations.

3. While the AIA funding agreement with the appropriators did not go into effect until FY 2012, I remain concerned about whether that agreement will be honored during a CR.

a. Is it your understanding that the agreement with appropriators regarding the new Fee Reserve Fund is also applicable to continuing resolutions as well as regular appropriations bills? Why?

Answer: The USPTO cannot speak to the past or future position of the Appropriations Committees on this matter. In the event that funds are deposited into the Fund in the future and are needed to fund operations during the period covered by a CR, we are confident that those funds will be made available.

b. Have you had conversations with the appropriators about how CRs negatively affect your ability to operate effectively?

Answer: The USPTO has in the past discussed the challenges posed by CRs, and will discuss this matter again as the provisions of future CRs are assessed.

Fee Increases

4. Since the February publication of your proposed fee changes, there have been two Patent Public Advisory Committee (PPAC) hearings and a period of public comment. Based on these, does the PTO plan to revise any portion of its fee proposal prior to issuing a final rule? If so, what do you anticipate the most significant changes to be?

Answer: The USPTO received constructive feedback from stakeholders on proposed fee changes, including individual fee rates and the growth of the operating reserve. In response, the USPTO published

a notice of proposed rulemaking (NPRM) on September 6, 2012, seeking public input on proposed fees, including reduced fees for new procedures and programs under the AIA, as well as discounts to individual investors and small business. The NPRM also includes an explanation of changes from the February 2012 proposal. These revisions were guided by three important policy factors: fostering innovation, facilitating the effective administration of the patent system, and offering patent prosecution options to applicants.

5. Given the past history of Congress in this area and the over \$1 billion in diverted fees since 1992, I understand the desire of the PTO to establish an operating reserve fund to provide for years in which it does not receive all of the fees it collects, or even when it is allowed to keep all of its fees, to provide for years of overall low fee revenue. However, I also understand the concerns of those who use the PTO that the fees not increase too much too fast.

a. Has the PTO considered building up the operating reserve over a longer period of time and, as a result, imposing a more gradual implementation of fee increases or slowing the rate of those increases? Why?

Answer: The September 6, 2012, NPRM proposes fee rate adjustments leading to a gradual build-up of a sustainable funding model.

b. Do you believe this operating reserve could be a target for future congressional fee diversion? How do you plan to ensure that does not occur?

Answer: While the USPTO cannot predict the actions Congress--present or future--will take with respect to operating reserve funds, the most important thing USPTO can and will do is to fully justify such funds, the fee levels supporting reserve growth, and the costs underpinning need, all in a transparent and collaborative manner with stakeholders and the Congress.

Patent Cases Pilot Program

6. At the end of 2010, Congress passed H.R. 628, which would establish a pilot program in certain United States district courts to encourage enhancement of expertise in patent cases among district judges. Specifically, the Administrative Office of the Courts designates at least 5 U.S. district courts in at least 3 different judicial circuits in which the pilot program is to operate.

a. Has the PTO been directly involved in any cases that have been a part of this pilot program?

Answer: No. We are aware of several patents that are in litigation that are also subject to a reexamination. The USPTO does not get directly involved in any of those co-pending litigations; we are not a party, nor do we provide any third-party opinions to the courts, as these are private disputes between two parties. However, the Office did hold a conference on May 16th at which over 50 district court judges in the pilot program attended. While specific cases were not discussed, the judges did receive training on the examination and reexamination processes in addition to the new proceedings created by the Leahy-Smith America Invents Act at the Board. There was also an open Q & A and general discussion session in which several of the judges participated.

b. Does the PTO have any opinion on this pilot program and its effect on increasing the patent expertise of district court judges, particularly in those districts that hear a large majority of patent-related cases?

Answer: The USPTO strongly believes the pilot program will improve the effectiveness and efficiency of patent litigation in the participating district courts. This improvement will flow not just from the voluntary reassignment of patent cases to the judges most willing to handle them, but through the ability to target judicial educational opportunities at the judges most likely to benefit from those opportunities. To that end, the USPTO supports any role it can have in assisting district court judges on procedural/technical matters attendant with patent cases. The conference discussed above was aimed directly at the pilot program judges. If that conference was any indication, the judges were very appreciative of being able to come to the USPTO and ask questions in a non-adversarial environment. That educational opportunity can only add to the expertise that district court judges bring to the bench.

SUBMISSIONS FOR THE RECORD

Statement of Senator Grassley on Hearing "Oversight of the United States Patent and Trademark Office: Implementation of the Leahy-Smith America Invents Act and International Harmonization Efforts," June 20, 2012

Mr. Chairman, thank you for holding this hearing. It's appropriate that the Committee conduct oversight on how the implementation of the Leahy-Smith America Invents Act is proceeding. Director Kappos, we're pleased to hear from you today. Welcome.

The United States is probably the most talented, creative country in the world, and a transparent and up-to-date patent system only enhances the innovative spark and entrepreneurship for which our country is known and admired. Without a top-notch patent system, entrepreneurs and inventors have fewer incentives to invest in, discover and develop new technologies and products, which in turn result in spurring growth in our economy and creating much needed jobs for Americans.

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The Leahy-Smith America Invents Act is the most comprehensive reform to our patent laws since the 1836 Patent Act. This law is the product of over 6 years of intense negotiations between a bipartisan group of legislators – led here in the Senate by Chairman Leahy and Senator Hatch – and industry, academic and other stakeholders, all working with a common goal in mind – to bring our patent system up to the 21st century and to make it the best in the world.

The America Invents Act makes the U.S. patent system more efficient and streamlined. It cuts down on frivolous lawsuits, enhances transparency and patent quality, and improves certainty in the patent process. The reforms contained in this law have helped the Patent Office cut down its backlog and process patent applications in a more expeditious manner.

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The America Invents Act contained a number of provisions that required the Patent Office to promulgate rules and regulations. So we're holding this hearing today to learn whether the legislation is being implemented in accordance with Congressional intent. We want to ensure that the legislation will do what we intended it to do – streamline and make the patent process more efficient, improve patent quality, and reduce the patent application backlog. We also want to determine whether the legislation has produced any discrepancies, difficulties, or unintended consequences that have been revealed during the implementation process. So I believe it's appropriate to ask whether technical, clarifying or other changes to the legislation are warranted at this time. If so, I expect to work with my colleagues in a transparent and open manner to improve the America Invents Act in hopefully a non-controversial, consensus fashion.

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In addition, it's important that American patent holders enjoy the benefits of international treaties and harmonization. We should do what we can to help facilitate and simplify registration abroad and reduce costs for multinational patent protection. In 2007, the Patent Law Treaty and the Geneva Act of the Hague Agreement Concerning the International Registration of Industrial Designs were ratified by the Senate. The Senate now needs to pass implementing legislation in order for the United States to become a member to these treaties. I look forward to hearing more about these treaties and how they can help American patent holders.

I'm pleased to join with Chairman Leahy and my Senate Judiciary colleagues, our House Judiciary counterparts, and the Patent Office in making sure that the implementation of the America Invents Act proceeds in a timely fashion and in accordance with the intent of Congress. Thank you, Mr. Chairman.

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STATEMENT OF
DAVID J. KAPPOS
**UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY
AND
DIRECTOR OF THE UNITED STATES PATENT AND TRADEMARK OFFICE**

BEFORE THE
**COMMITTEE ON THE JUDICIARY
UNITED STATES SENATE**

**“Implementation of the Leahy-Smith America Invents Act and International
Harmonization Efforts”**

JUNE 20, 2012

Introduction

Chairman Leahy, Ranking Member Grassley, and Members of the Committee:

I appreciate this opportunity to discuss the United States Patent and Trademark Office's (USPTO) ongoing efforts to implement the provisions of the Leahy-Smith America Invents Act (AIA) and the law's contribution toward international patent law harmonization.

Mr. Chairman, you and your colleagues deserve special praise for your tireless efforts over several Congresses that led to enactment of this historic legislation.

AIA Implementation

Mr. Chairman, I am pleased to report that our AIA implementation efforts are proceeding on a timely basis. America's innovators are already seeing the benefits of this legislation.

We have implemented seven provisions of the AIA – all within the time frames prescribed by the Act – and we are working toward implementation of 13 additional provisions and two programs.

We are pleased that stakeholders have commented favorably on our transparent implementation process and the extent of our outreach. Our AIA microsite contains all implementation-related materials including summary documents, legislative history, implementation-related events, announcements, and points of contact.

Our AIA implementation team continues to review hundreds of comments received from individuals, IP organizations, IP practitioners, other government entities and academic institutions. We are identifying which aspects of the proposed rules are strong as proposed, as well as areas where improvements can be made. Importantly, we have received excellent input on rules ranging from post-grant review to *inter partes* review to oath and declaration, enabling us to make many substantive improvements to our proposed rules provisions across the board, and produce rules that will best meet the needs of America's innovation community.

Consistent with that approach, for example, the proposed regulations for the new administrative trials are aimed at streamlining and converging issues for decision while giving flexibility to the parties to determine the manner of putting forward their case. In order for the new trial proceedings to serve as a quick and cost effective alternative to litigation, the proposed rules provide the parties, subject to the guidance of neutral, disinterested judges at the new Patent Trial and Appeal Board, with flexibility to tailor the scope and timing of discovery and other requests as warranted by the positions taken by the parties and the facts of the case. By providing parties with these tools, it is anticipated that the current inefficiencies of *inter partes* reexamination will be reduced and potential future abuses of the *inter partes* review process will be avoided. We appreciate the significant and helpful input on these issues we have received from our stakeholders.

We will respond to the public comments in our Final Rules to be issued on or before August 16, 2012. The rules will then become effective on September 16, 2012, giving us a window of time in which to educate both examiners and the public on the final rules in advance of implementation. And, recognizing the importance of continuous improvement in this complex rulemaking process, we have made clear our intent to iterate on the rules even post implementation, taking more input once users gain experience with the rules, with an eye toward further improvement and refinement.

Reports

On January 16, 2012, we submitted two AIA-required studies to Congress: an analysis of the prior user rights defense, and a report on international patent protections for small businesses. We solicited comments and held two public hearings on the issue of genetic testing and are finalizing our report to Congress.

Fee Setting

In early February, the USPTO published initial proposed fees for all of the patent services we provide, pursuant to the new fee setting authority under the AIA. The proposed fee schedule represents only an initial proposal and is far from final; a formal proposal is forthcoming. We have invited feedback and recommendations from the public and have received substantial input. We anticipate a meaningful dialogue over the coming months as we attempt to set our fees at the most appropriate levels.

Throughout the fee setting process, the USPTO will be guided by two overriding principles. First, the agency must operate within a more sustainable funding model than it has in the past to avoid disruptions in agency operations caused by fluctuations in the economy. Doing so requires that the fees charged for services more closely reflect the actual cost of delivering those services. This cost must account for both planned expenses and unanticipated events, requiring the Office to build an operating reserve that ensures its long-term financial stability. Second, the USPTO is adhering to the strategic imperative set by its user community to dramatically reduce patent pendency and the backlog of unexamined patent applications in accord with the USPTO's 2010 – 2015 Strategic Plan. Doing so requires a significant increase of examination resources, which in turn dictates the necessary fee collections. We will of course reevaluate fee levels when we reach financial stability and meet our patent backlog and pendency goals.

The Patent Public Advisory Committee (PPAC) held two public hearings on the proposed fee schedule and will issue a report to the USPTO before we publish our Final Rule, detailing its comments, advice, and recommendations.

Roadshows

The USPTO conducted seven AIA roadshows, at locations across the country, to explain and receive feedback on our proposed rules for various new provisions required under the AIA, including supplemental examination, *inter partes* review, and post grant review. Our audiences, numbering a total of 1,300 attendees, included independent inventors, private practitioners, in-house counsel and IP academics. Informational slides and videos of the presentations are posted on our AIA micro-site. We are planning a special public roundtable for the first-inventor-to-file provision during the forthcoming public comment period. We likewise are planning for another series of cross-country roadshows in the fall to educate stakeholders about the final rules.

Track One

The USPTO has launched the AIA-mandated prioritized examination program (Track One) that allows patent applications to be processed to completion in 12 months and offers small businesses a discount on this option. Since its inception, we have received more than 4,000 Track One patent applications, and more than 1,500 entrepreneurs have taken advantage of those 50 % discounts. We have completed more than 2,300 first actions on Track One examinations in an average of approximately 90 days, mailed over 500 allowances, and issued more than 200 patents.

Pro Bono and Ombudsman Programs

Consistent with the directives in the AIA, we are working with intellectual property law associations across the country to expand the availability of *pro bono* patent services for under-resourced independent inventors and small businesses. Programs have been launched in Minneapolis/St. Paul and Denver, and we anticipate adding three more programs this year and an additional 11 programs in 2013. We intend to have regional coverage across the entire U.S. completed by 2014.

Our Ombudsman Program, now in its second year, has enhanced the USPTO's ability to assist applicants and their representatives in resolving breakdowns in the normal application process.

Satellite Offices

Finally, on AIA implementation, the USPTO is moving forward with opening satellite offices within three years of the AIA's enactment. These offices will allow the USPTO to attract and retain qualified patent examiners and improve applicant-examiner interaction. The USPTO will open its first satellite office in Detroit next month. At the end of last year, the general public and city and state officials across the country were invited via a *Federal Register* notice to submit comments and suggestions regarding the selection of additional offices. We are in the process of reviewing and analyzing the more than 600 responses received and expect to announce the locations of additional offices this summer.

International Harmonization

Mr. Chairman, with the adoption of the AIA, the U.S. is now able to pursue a 21st century globally harmonized patent system – one that international negotiations have anticipated for more than 25 years. Congress has enabled the USPTO to not only act, but to lead in realizing a vision of an IP world in which national and regional patent systems are coordinated to create an optimal environment for technological innovation and diffusion. Passage of the AIA has provided an opportunity to restart long-stalled discussions with our foreign counterparts toward substantive harmonization that will help U.S. businesses succeed in the global business environment.

The USPTO has been proactively working to capture this opportunity, reaching out to our stakeholders and our counterparts in patent offices throughout the world, to foster discussion on substantive patent law harmonization. Since enactment of the AIA, I have visited several of our foreign counterparts to discuss this opportunity. During these conversations, I stressed that a key requirement in realizing international harmonization is overseas adoption of a modern grace period. Grace periods have been adopted in many patent systems throughout the world and are recognized as a global best practice.

U.S. patent reform has set the scene for further harmonization to simplify the process of seeking international patent protection, reduce the cost and time it takes to obtain patent rights, and speed the deployment of innovative goods and services to the marketplace – thus promoting growth and creating jobs.

Patent Harmonization Groups

In an effort to re-energize discussions on substantive patent harmonization, the USPTO hosted the “Asia-Pacific Patent Cooperation (APPC) Forum for the 21st Century,” on March 7-8, 2011, in Alexandria, VA. The forum, led by Heads of Offices, included informal discussions among like-minded Asia-Pacific economies, including several interested developing countries as well as interested observers. At the close of the APPC Forum, the participants agreed upon a statement that concluded:

“The time for substantive harmonization is now. We are operating in a global economy, business innovation is happening across borders. The IP system needs to be supportive of this new reality.”

The so-called “Tegernsee Group” was formed in July 2011, following the APPC meeting, and is comprised of the heads of the European, Danish, French, German, UK, Japanese and United States patent offices. Over the course of the last year, patent law experts from these offices prepared a comparative analysis of substantive law applied in each jurisdiction. Earlier this year, the Group reconvened near Munich to consider the results of the experts’ work and, at the conclusion of the meeting, agreed to a statement outlining further specific work for the experts to undertake, with a view to identifying and studying issues for further convergence. The grace period was highlighted as one of four issues for near term focused effort. The Tegernsee Heads will meet again in October to consider progress made by the experts..

Earlier this month, we joined the officials of the European, Japanese, Korean and Chinese patents offices – collectively the “IP5” – to discuss and make commitments toward cooperative efforts on a range of issues including classification, translation and work sharing. The group also noted the importance of maintaining the momentum toward harmonization of patent laws and agreed to establish an expert panel to continue discussions.

Enhancement and Expansion of International Work Sharing

Work sharing continues to be a key feature in the USPTO’s approach to managing workload and reducing the examination backlog, and as such, we have been working to enhance and expand our work sharing cooperation efforts. A critical component of work sharing is the Patent Prosecution Highway (PPH). Under the PPH, an applicant can fast-track examination in one office after a finding by another office that one or more corresponding claims in a corresponding application are allowable. The PPH results in faster, more efficient and higher-quality processing, saving applicants and offices time and money.

From its inception in 2006 to the end of May 2012, the USPTO has received 11,056 PPH requests. In each of the past two years, the USPTO has received double the number of requests of all previous years combined, and is on pace to do the same by the end of CY 2012. Other key PPH metrics include:

- Processing efficiency—applications filed under the PPH require 20% fewer office actions to complete prosecution than the overall USPTO average (2.1 office actions/disposal for PPH vs. 2.6 overall); and
- Higher allowance rates—as compared to overall USPTO averages, PPH applications are allowed at a much higher rate at first action (24% vs. 14%) and at final disposition (88% vs. 49%).

The USPTO is currently partnering with 22 other patent offices around the world on the PPH, and is in discussions with several others about developing PPH pilot projects in the near future. The USPTO has also worked with partner offices to formulate enhancements to the existing PPH framework. One such enhancement, which was initiated as a pilot project in July 2011 is “MOTTAINAI,” a Japanese word referring to avoiding wasted resources. Under the MOTTAINAI model, PPH eligibility can be based on work done by any participating office on a corresponding application, regardless of whether that office was where the first application was filed. By “de-linking” priority from the eligibility requirement, the MOTTAINAI model provides applicants with greater flexibility and increased opportunity to participate, without impacting office-to-office work sharing efficiency.

The USPTO also developed and launched a pilot project in January 2012 on a next-generation PPH framework—PPH 2.0—which incorporates the MOTTAINAI model and makes a number of other user- and office-friendly enhancements to the basic PPH. The goal is to streamline requirements and processing and to move the PPH away from a network of bilateral partnerships toward a more centralized, and thus more consistently implemented and more easily navigated, international cooperation framework.

In addition, the USPTO has recently proposed an initiative known as the Global Dossier, which would establish an electronic, stakeholder-oriented environment in which applicants can plan and execute their global IP strategy and avoid the filing of duplicate documents in multiple offices. It also would provide an environment to maximize work sharing and collaboration among examiners world-wide. Remarkably, while the proposal was just introduced fully in April 2012, by June all of the IP5 offices had agreed to the Global Dossier as the vision needed to realign the IP5 technical cooperation.

PCT Processing

The Patent Cooperation Treaty (PCT) enables U.S. applicants to file a single international application in a standardized format, which is then received by PCT contracting foreign states. The USPTO has been working to raise its PCT processing techniques to world-best levels to aid U.S. technology owners to obtain early and fair IP protection internationally. We have taken concrete steps to improve our quality and timeliness. For instance, we modified the quality measures of PCT work products to be more aligned with those of U.S. national applications to maximize the potential for re-use of the international search and patentability opinion in the national phase. On timeliness, in 2011 our efforts resulted in issuance of 81% of international (PCT) search reports within 16 months from priority, and 92% within 18 months from priority. This represents a threefold improvement over our performance on these metrics three years ago.

Additionally, the USPTO, in conjunction with the UKIPO, has developed a plan to improve the PCT. This plan, referred to as “PCT 20/20”, is comprised of a series of improvements which will increase quality, enhance transparency and simplify the PCT system. The PCT 20/20 proposal was introduced to the PCT Offices at the fifth PCT working group at the World Intellectual Property Organization (WIPO) in May 2012. The USPTO will present the proposal more fully at the next meeting.

Patent Law Treaty and Hague Agreement on Designs

Mr. Chairman, as another step toward procedural harmonization, we look forward to working with you toward enactment of implementing legislation for two international treaties that will benefit U.S. applicants and innovators – the Patent Law Treaty (PLT) and the Geneva Act of the Hague Agreement Concerning the International Registration of Industrial Designs (Hague Agreement). Both treaties were ratified by the U.S. Senate in 2007 and require implementing legislation for the U.S. to become a member.

The PLT simplifies the formal requirements and reduces associated costs of obtaining and preserving patent rights in multiple countries of the world. The PLT complements our existing international obligations and the new provisions in the AIA. Implementation of the PLT will benefit U.S. patent applicants and patent owners by merging national and international formal requirements associated with patent applications and patents.

The Hague Agreement facilitates international design protection in member countries by streamlining the application process for multinational patent protection. Design rights, once considered an unsophisticated way to protect intellectual property, have become valuable tools for U.S. companies. And – as the considerable attention to the innovations of Steve Jobs has shown us – the relationship between design and function has grown closer in recent years.

Under this treaty, administered by the World Intellectual Property Organization (WIPO), a design owner will be able to apply for design protection in each country that is Party to the Act by filing a single standardized application at the USPTO. This is similar to the way the Madrid Protocol provides an option for multinational trademark protection. The Geneva Act was negotiated specifically to maintain substantive examination systems like that used in the U.S. while providing a globally streamlined design protection system for U.S. owners of industrial designs. This system will benefit innovative small and medium-sized businesses and sets the stage internationally to discuss other possible improvements to international design law.

Assistance for Small Entities

Another harmonization issue involves the assistance provided by governments to small entities and independent inventors who do not possess the resources and expertise necessary to effectively apply for global patent protection. Our recent report to Congress titled “International Patent Protections for Small Businesses,” highlighted the substantial differences in the accommodations made to small entities by foreign patent offices. The large majority of countries do not provide small entities with discounted patent processing fees on a nondiscriminatory and technology-neutral basis, as is currently the case in the U.S.

Additionally, a number of countries have pursued a policy of direct subsidization. China may be the most notable example. China has made concerted efforts to broaden its intellectual property system and increase both domestic and international patent filings. Direct government subsidization of Chinese citizens’ patent applications and maintenance fees has been a particularly notable mechanism for supporting that increase, although it is unclear if such subsidization has positive impacts on innovation or entrepreneurship. It should be noted that one effect of the Chinese subsidy is that their government is paying for Chinese applicants to obtain U.S. patents. A harmonized approach to providing assistance to small entities, based on the American system of small entity discounts, would help level the playing field for these innovators in the global marketplace.

Conclusion

Mr. Chairman, as we continue to engage the U.S. and global innovation community on implementation of the AIA, we are reminded, time and again, that growth, job creation, and success for businesses of all shapes and sizes is highly dependent on the effectiveness of IP protection and the efficiency of the USPTO. I want to take this opportunity to thank the leadership at the Department of Commerce for their continued support of the USPTO and as we implement this historic legislation.

It is clear that policies supporting a higher-quality IP system are making a difference in our nation's economic recovery. The Department of Commerce's recent report on IP and the U.S. economy "Industries in Focus" shows that America's core strength lies in our ability to experiment, innovate, and create. Sensible government policies that encourage and stimulate that spirit of innovation can demonstrably contribute to job creation and economic well-being. The end result is 40 million jobs in IP-intensive industries, representing 35 % of U.S. GDP.

Mr. Chairman, we look forward to working with you to ensure that the innovation-advancing, job-creating, deficit-neutral work conducted at the USPTO continues to best serve America's innovators.

We appreciate your continued support for the employees and operations of the USPTO.

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**Statement of Senator Patrick Leahy
Chairman, Senate Judiciary Committee
Hearing on "Oversight of the United States Patent and Trademark Office:
Implementation of the Leahy-Smith America Invents Act and
International Harmonization Efforts"
June 20, 2012**

Nine months ago, the United States Congress did something that has become all too rare. It sent to the President bipartisan legislation that will unleash American innovation to create jobs and improve our economy. The Leahy-Smith America Invents Act, signed by the President last September, was the product of more than six years of hearings and markups, as well as countless hours of meetings and negotiations.

The patent reform process was a bipartisan and bicameral effort from the outset. Every member of this Committee made important contributions to the legislation. Director Kappos's leadership was also invaluable to this process, as was that of Ambassador Locke, who was Secretary of Commerce when the Senate first passed the America Invents Act in March.

The America Invents Act creates a more effective, efficient, and streamlined patent system, that will get the highest quality patents to issue from the PTO as quickly as possible. Accomplishing this goal required major structural changes to the system of granting and enforcing patents that will take the PTO time and work to implement.

That work has already begun. So far, the PTO has initiated more than 10 different rulemakings and hired more than 800 examiners and 40 Administrative Patent Judges. The PTO has also conducted seven road-shows across the country to explain and receive feedback on proposed rules. I appreciate the transparent manner in which the PTO has begun the implementation process.

I am also pleased that even before the Act is fully implemented the PTO has focused on reducing the backlog of patent applications. Over the last two years, the backlog has been reduced roughly 12 percent even as the number of incoming applications has increased. These numbers need to continue to improve, however. There are still over 640,000 applications that have not yet received a first action from the PTO.

Speed is only one part of the equation. The patents that the PTO issues need to be of high quality or, instead of incentivizing inventions, they will impede innovation. The Leahy-Smith American Invents Act includes important quality controls by allowing the public a greater role in the application process and a chance to challenge patents at the PTO that should not have been issued.

The Act did not include everything I had wanted. I am particularly concerned that while it includes quality control for new patent applications, many low quality patents issued years ago continue to infect the system and provide opportunities for patent trolls. I hope that as the PTO continues its implementation process, it does so in a manner that incentivizes the use of its reexamination processes, in order to weed out poor quality patents.

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We also need to do more to protect American inventors in overseas markets. International harmonization is one element of that protection. The Leahy-Smith America Invents Act includes a very important grace period protection, which will particularly benefit inventors at universities and startups. We need to encourage other Nations to adopt a similar grace period, without which some American inventors may be unable to seek patent protection abroad.

We can also make it easier for American inventors to seek patent protection abroad by implementing the Patent Law Treaty and the Geneva Act treaty on design patents. These two treaties will reduce filing formalities in other countries. They have been supported by both the Bush and Obama administrations. I look forward to working on implementing legislation in the same bipartisan and bicameral manner as we did on patent reform.

An efficient and effective patent system will unleash American innovation and improve the American economy. Our system should be one that supports and rewards inventors with high quality patents and therefore remains true to the constitutional imperative of promoting the progress of science and the useful arts.

Congress has done its part, and I look forward to hearing from Director Kappos about the steps the administration is taking to ensure the Leahy-Smith America Invents Act fulfills its potential as we create the first truly 21st century patent system.

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Exhibit JJ

No. 2014-1596

IN THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

GILBERT P. HYATT,

Plaintiff-Appellant,

v.

UNITED STATES PATENT AND TRADEMARK OFFICE, MICHELLE K. LEE,
Deputy Director, U.S. Patent and Trademark Office, in her official capacity,

Defendants-Appellees.

Appeal from the United States District Court for the Eastern District of Virginia
in case No. CV-13-1535, Judge Claude M. Hilton

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| 37 C.F.R. 1.14(a)(1)(v) | <i>passim</i> |
| 37 C.F.R. 1.14(e) | 43 |
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STATEMENT OF RELATED CASES

The government is not aware of any related cases under Rule 47.5.

INTRODUCTION

For nearly two decades, plaintiff Gilbert Hyatt has maintained under prosecution in the United States Patent and Trademark Office (PTO) an extraordinary web of nearly 400 overlapping patent applications. Most were filed in 1995, in the final months before the United States changed the calculation of patent terms from 17 years from the date of issuance to 20 years from the date of filing. Each purports to claim priority to a series of prior applications dating back to the early 1970s. And while there are only 12 distinct specifications among all 399 of plaintiff's applications, each application includes an extraordinary number of claims. Altogether, the PTO estimates that plaintiff has 45,000 independent claims and 115,000 total claims pending before the Office.

The PTO recognizes the compelling public interest in completing the examination of plaintiff's applications, which have been pending for at least 18 years. The agency has devoted unusual resources to that task, including a dedicated team of 14 primary examiners. But the sheer size and interconnectedness of plaintiff's applications—as well as the unprecedented number of claims, which have continuously multiplied—have prevented the Director from ensuring an effective examination.

In August 2013, therefore, the Director began to issue a series of office actions, known as “Requirements,” with respect to plaintiff's applications. Each Requirement addresses a specific family of plaintiff's applications. And each imposes three obligations: (1) that plaintiff select up to 600 claims from across the relevant family for

prosecution, or a greater number if plaintiff makes a specific showing of need; (2) that plaintiff identify, for each selected claim, the earliest applicable priority date and supporting disclosure; and (3) that plaintiff present a copy of the selected claims in accordance with current Office practice. See, *e.g.*, A162-A217 (sample Requirement).¹ As justification for these measures, each Requirement discusses in detail the overlapping nature of the applications in the family and provides specific examples of repetitive claims with no appreciable line of patentable distinction.

Plaintiff does not, in this appeal, challenge the authority of the PTO to issue these Requirements. Rather, he contends that the PTO cannot properly place the Requirements into the application file for any of his applications without redacting or expunging all references to other related applications. That is because, under the ordinary operation of PTO rules, when any of plaintiff's applications in a particular family issues as a patent, the relevant Requirement (along with the rest of the prosecution history of that patent) will become public, thereby allowing the public to comprehend the boundaries of the granted claims. According to plaintiff, the normal operation of PTO rules in this way would violate 35 U.S.C. 122(a), which provides that information concerning patent applications shall remain confidential "unless necessary to carry out the provisions of an Act of Congress or in such special circumstances as may be determined by the Director."

¹ "A__" denotes a citation to the Appendix.

In a written order issued by the Director, the PTO denied plaintiff's petition to redact or expunge the Requirements. The Director explained that the Requirements' discussion of other applications in the same family is necessary to ensure an effective examination of plaintiff's applications and that disclosure of the full prosecution history of plaintiff's patents when they issue is a necessary corollary of the Director's duty of examination. And in any event, the Director determined that the extraordinary size, volume, and interconnectedness of plaintiff's applications constitutes "special circumstances" warranting disclosure of the Requirements in the ordinary course under PTO rules. Plaintiff then filed this civil action challenging the Director's order.

The district court correctly dismissed the complaint. As the court explained, the plain language of Section 122(a) authorizes disclosure of information about patent applications in "such special circumstances as may be determined by the Director." That is a quintessential example of a question "committed to agency discretion by law." 5 U.S.C. 701(a)(2). The Director's determination that special circumstances are present here is therefore not subject to review under the Administrative Procedure Act. And in any event, as the district court explained, there is no serious question that the challenges posed by examining plaintiff's 115,000 patent claims spread across 399 overlapping applications constitute "special circumstances." Nor was it arbitrary for the Director to conclude that the Requirements are necessary to discharge the Director's statutory responsibility to examine plaintiff's applications and create a clear pros-

ecution record on which the public can rely. The judgment of the district court should be affirmed.

STATEMENT OF JURISDICTION

This is a civil action under the Administrative Procedure Act (APA). Plaintiff asserted jurisdiction in the district court under 28 U.S.C. 1331. See A29. On May 29, 2014, the district court issued a final order dismissing the complaint. A17. Plaintiff filed a notice of appeal on June 30, 2014, within the time provided by Fed. R. App. P. 4(a)(1)(B). A24. This Court has jurisdiction under 28 U.S.C. 1295(a)(1).

STATEMENT OF THE ISSUES

1. Whether the Director's determination that "special circumstances" exist under 35 U.S.C. 122(a) is committed to agency discretion by law.
2. Whether the PTO reasonably determined that Section 122(a) permits public access to a Requirement in the same manner as other prosecution history materials under PTO rules.

STATEMENT OF THE CASE

A. Statutory and Regulatory Background

Ensuring the public disclosure of new and useful inventions is the purpose of the patent laws. As the Supreme Court has observed, public disclosure is the "*quid pro quo* of the right to exclude." *J.E.M. Ag Supply, Inc. v. Pioneer Hi-Bred Int'l, Inc.*, 534 U.S. 124, 142 (2001) (quoting *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 484 (1974)).

At the same time, the PTO has historically afforded confidential treatment to patent applications. See *Sears v. Gottschalk*, 502 F.2d 122, 129-130 & n.18 (4th Cir. 1974) (discussing administrative practices dating back to the 1850s). That practice reflects the agency's pragmatic recognition that secrecy during the application phase tends to encourage applicants to disclose in their patent applications what they might otherwise protect as trade secrets, thereby ultimately adding to the public store of knowledge.

For most of the history of the patent system, no statute required the confidential treatment of patent applications. Rather, that treatment was provided by Patent Office rules, which afforded secrecy to the extent consistent with the business of the Office. For example, the original edition of the Manual of Patent Examining Procedure (MPEP), published in 1948, provided: "Pending applications are preserved in secrecy . . . unless it shall be necessary to the proper conduct of business before the Office or as provided by these rules." U.S. Patent Office, MPEP § 2-1 (1948).² The Patent Office also reserved the discretion to waive its rules in particular circumstances, according to the equities of the particular case. In *Ex parte Moore*, 1927 Dec. Comm'r Pat. 87, for example, the Commissioner permitted the defendant in a patent infringement action to inspect the file of a pending reissue application, reasoning that

² See http://www.uspto.gov/web/offices/pac/mpep/old/E0R0_200.pdf.

“a defendant who is sued as infringing a patent should not have anything hidden from him relating to the patent upon which he is being sued.” *Id.* at 88.

In 1952, Congress recodified the patent laws and, for the first time, recognized in statute the principle of confidential treatment of patent applications, subject to the agency’s historical discretion to determine that special circumstances warranted disclosure. See Act of July 19, 1952, ch. 950, § 122, 66 Stat. 792, 801. In relevant part, the text of that provision remains unchanged today:

[A]pplications for patents shall be kept in confidence by the Patent and Trademark Office and no information concerning the same given without authority of the applicant or owner unless necessary to carry out the provisions of an Act of Congress or in such special circumstances as may be determined by the Director.

35 U.S.C. 122(a). The legislative history of the 1952 Act indicates that Section 122 was intended to “incorporate[] into the title the rule of secrecy of patent applications which has existed in the Patent Office for generations.” H.R. Rep. No. 1923, 82d Cong., 2d Sess. at 7 (1952); see also S. Rep. No. 1979, 82d Cong., 2d Sess. at 6 (1952) (same).³

The PTO’s regulations under Section 122 specify a variety of special circumstances in which the public is permitted to inspect patent application files. Rule 1.11,

³ In 1999, Congress amended Section 122 to authorize the automatic publication of most patent applications after 18 months. 35 U.S.C. 122(b)(1)(A); see Pub. L. No. 106-113, § 4502, 113 Stat. 1501 (1999). Because plaintiff’s applications were filed before the effective date of that provision, however, this case is governed by the prior version of Section 122. See *id.* § 4508.

for example, provides that “[t]he specification, drawings, and all papers relating to the file of” any issued patent “are open to inspection by the public.” 37 C.F.R. 1.11(a). So too are the file histories of “[a]ll reissue applications,” including those still pending before the agency. 37 C.F.R. 1.11(b). Similarly, Rule 1.14 provides that, while normally confidential, “[i]nformation concerning the filing, pendency, or subject matter of an application for [a] patent, including status information, and access to the application” may be provided to the public in various circumstances. 37 C.F.R. 1.14(a). As particularly relevant here, for example, Rule 1.14 provides that “[a] copy of the file contents of an unpublished pending application may be provided to any person” if any issued U.S. patent claims the benefit of the still-pending application’s priority filing date. 37 C.F.R. 1.14(a)(1)(v).

Finally, like Section 122(a) itself, PTO rules expressly contemplate that the public may be permitted to inspect patent application files in other circumstances at the agency’s discretion:

The Office, either sua sponte or on petition, may also provide access [to] or copies of all or part of an application if necessary to carry out an Act of Congress or if warranted by other special circumstances.

37 C.F.R. 1.14(i); see also *ibid.* (authorizing a “petition by a member of the public seeking access to, or copies of, all or part of any pending or abandoned application”).

B. Factual and Procedural Background

This case concerns the treatment under Section 122(a) of certain office actions issued by the PTO in connection with plaintiff’s pending patent applications.

1. In 1995, in the final months before the Uruguay Round Agreements Act (URAA) took effect and the era of “submarine patents” came to a close, see Pub. L. No. 103-465, § 532(a), 108 Stat. 4809, 4983-4985 (1994), plaintiff Gilbert Hyatt filed almost 400 patent applications.⁴ See A1, A164. Nearly all remain pending. Each purports to incorporate by reference, and claims the benefit of priority from, a network of earlier-filed applications dating back to the early 1970s. A1. And because each was filed before the effective date of the URAA, any patent issuing from plaintiff’s applications will have a term of 17 years from the date of issuance. See 35 U.S.C. 154 (1994).

Plaintiff’s pending applications feature some of the largest claim sets that the PTO has ever encountered. A1. Each of plaintiff’s 399 applications contains, on average, more than 100 independent claims and nearly 300 total claims. See *ibid.* For comparison, for all patents issued in FY 2012, the average number of claims per patent was between 16 and 17. See A174. Taken as a whole, PTO estimates that the

⁴ All of the information in this brief concerning plaintiff’s patent applications—including the number and filing date of his applications, and the total number of pending claims—is publicly available. The district court’s opinion (A1-A16) recites many of the same figures. In addition, as plaintiff acknowledges, a hearing report published by the House Judiciary Committee in March 2014 included a letter identifying by inventor name, filing date, and serial number all pending applications filed before the effective date of the URAA, “including Appellant’s pending patent applications.” Pl. Br. 11 n.8. See Innovation Act: Hearing Before H. Comm. on the Judiciary, 113th Cong. 231-244 (2014), *available at* http://judiciary.house.gov/_cache/files/dbb6055f-dffd-4b88-ab5e-20fc7767ed06/113-58-a85281.pdf.

extended family of plaintiff's applications includes 45,000 independent claims and 115,000 total claims. A2. That is true notwithstanding that, among all of plaintiff's applications, there exist only 12 distinct specifications. See *ibid*.

Application number 05/849,812 (the '812 application) illustrates the extraordinary size, complexity, and interconnectedness of plaintiff's applications.⁵ The '812 application:

- has a 135-page specification;
- contains 130 independent claims and 315 total claims;
- is one of 18 applications sharing the same specification, which together include 2,160 independent claims;
- claims priority from each of 20 earlier-filed applications; and
- is itself the parent of 112 continuing applications.

See A1145-A1147 (PAIR record for '812 application);⁶ A2; A12.

2. The PTO has devoted extraordinary resources to the task of examining plaintiff's applications, including by assigning a dedicated team of 14 primary examin-

⁵ The file history of the '812 application is generally open to the public under PTO Rule 1.14 because 15 issued patents claim the benefit of priority from it. Pl. Br. 32; see 37 C.F.R. 1.14(a)(1)(v). See also Pl. Br. 6. Other than the portions quoted by the district court (see A12), however, the Requirement applicable to the '812 application is not publicly available, pending the outcome of this litigation.

⁶ Available at <http://portal.uspto.gov> (last accessed Nov. 19, 2014).

ers.⁷ But the sheer size and interconnectedness of plaintiff's applications—as well as the staggering multiplicity of the claims—have severely inhibited the agency's ability to identify the relevant prior art, find written description support for the claims, and render reasoned judgments concerning patentability. So, too, has plaintiff's demonstrated unwillingness to cooperate with examiners in weeding out redundant claims, resolving priority questions, and identifying support in his voluminous specifications for particular claimed inventions. See, e.g., *Hyatt v. Dudas*, 492 F.3d 1365, 1371 (Fed. Cir. 2007) (explaining that “it was incumbent upon Hyatt to comply with his responsibilities as a patent applicant so that the PTO could discharge its duty and finally resolve the allowability of the claims of Hyatt's applications at issue”).

In August 2013, therefore, in an effort to reduce the multiplicity of plaintiff's claims and facilitate their effective examination, the PTO began to issue formal office actions, known as “Requirements,” with respect to plaintiff's applications. A3. After grouping plaintiff's applications into 12 separate “families” according to their common specifications, the PTO issued a Requirement in 11 of the 12 families. *Ibid.* Each Requirement addresses only one family and has been copied into the file of each application to which it applies within the family. *Ibid.*

⁷ See A201; Declaration of Robert A. Clarke, *Hyatt v. U.S. Patent and Trademark Office*, No. 1:14-cv-1300, ECF No. 45-1, at 1 ¶ 3 (E.D.Va. Nov. 5, 2014) (noting that the PTO recently increased the number of primary examiners assigned to plaintiff's applications from 12 to 14).

Although the Requirements vary in their details according to the circumstances of each application family, each Requirement generally imposes three obligations on plaintiff: (1) that he select a reasonable number of claims across the entire family for prosecution, which shall not exceed 600 total claims absent a showing that a greater number is necessary; (2) that he identify, for each selected claim, the earliest applicable priority date and supporting disclosure; and (3) that he present a copy of the selected claims in accordance with current Office practice. A3-A4; see, *e.g.*, A162-A217 (example Requirement). As support for imposing these obligations, each Requirement sets out the PTO's understanding of the overlapping nature of the applications in the relevant family, see, *e.g.*, A168-A171; the total number of claims in that family, both originally and as multiplied over the course of prosecution, *e.g.*, A172-A175; and the priority relationships among applications in the family and between families, *e.g.*, A168-A169. And each Requirement identifies, in chart form, specific examples of repetitive claims in the family with no appreciable line of patentable distinction. See, *e.g.*, A183-A200.⁸

⁸ The Requirements are issued (1) pursuant to the Director's inherent authority under 35 U.S.C. 131 to ensure an effective examination, see *In re Bogese*, 303 F.3d 1362, 1367-1368 (Fed. Cir. 2002); (2) pursuant to 37 C.F.R. 1.75(b), which requires that claims in an application must not be "unduly multiplied," see *In re Chandler*, 319 F.2d 211, 224-225 (C.C.P.A. 1963); and (3) pursuant to 37 C.F.R. 1.105(a), which permits an examiner to require an applicant to submit "such information as may be reasonably necessary to properly examine or treat the matter," see *Star Fruits S.N.C. v. United States*, 393 F.3d 1277, 1282 (Fed. Cir. 2005). In this litigation, plaintiff does not challenge the PTO's legal authority to issue the Requirements. Pl. Br. 6 n.4.

3. In response to the Requirements, plaintiff filed a series of petitions demanding that the PTO expunge or redact from each Requirement information that plaintiff contends must remain confidential under 35 U.S.C. 122(a). A4; see, *e.g.*, A218-A230. These petitions did not suggest that PTO planned to disclose the Requirements outside of the ordinary course of patent prosecution. Rather, plaintiff asserted that a violation of Section 122(a) would occur “[w]hen any of these patent applications issue[s]” because, under the normal operation of PTO rules, the Requirements would then become available to the public as part of the prosecution history of his patents. A221; see 37 C.F.R. 1.11(a); 37 C.F.R. 1.14(a)(1)(v).

C. The Director’s Order

On November 5, 2013, then-Deputy Director of the PTO Teresa Stanek Rea, exercising the powers of the Director, issued a written order concluding that Section 122(a) does not bar the PTO from disclosing the Requirements in the ordinary course of patent prosecution. See A233-A238.

The Director determined, first, that it is “necessary for the proper examination of [plaintiff’s] applications under 35 U.S.C. § 131” to include information related to other applications filed by plaintiff—such as specific examples of the many redundant claims directed to the same specification—in the Requirements. A234. “Because the information has been included in the Requirements in order to carry out the provisions of an Act of Congress (35 U.S.C. § 131),” the Director explained, “the fact that a Requirement might become available to the public as part of an application’s prose-

cution history can also be said to have been required by an Act of Congress.” *Ibid.* The Director reasoned that, as in the case of double-patenting rejections, which involve similar disclosures about related applications, “any right to confidentiality that [plaintiff] has in the information contained in the examination Requirement must give way to the necessities of patent examination.” *Ibid.*

The Director further determined that, in any event, “the circumstances surrounding these applications, including the number of related applications filed, the number of claims filed, and the number of applications to which benefit of priority is claimed, qualify as ‘special circumstances’ under section 122.” A234.

The Director stressed that “little if any cognizable harm to the [plaintiff]” will occur from the disclosure of a Requirement under the normal PTO rules governing public access to prosecution history files. A235. “By definition, the information in these Requirements will not become public until a specification to which the Requirement applies becomes public, thereby negating any concern about the release of trade secrets or other technical information relating to the applicant’s invention.” *Ibid.* The Director accordingly reasoned that, “[u]nder these circumstances, any additional release of information through the publication of these Requirements—or through publication of [plaintiff’s] response to the Requirements—is unlikely to cause the sort of harm to [plaintiff] that the statute is designed to guard against.” *Ibid.*

The Director determined, moreover, that plaintiff’s “unusual approach to patent prosecution” further supported a finding of special circumstances. As the Re-

quirements themselves explain in detail, the Director noted, plaintiff's "patent filing and prosecution practices contributed to the delay in processing these applications." A235-A236. Section 122(a) exists to protect the legitimate confidentiality interests of diligent applicants during the normal course of examination; "to the extent an applicant's own conduct unduly prolongs the examination, the justification for maintaining confidentiality is less compelling." A236.

Indeed, the Director reasoned, it was plaintiff's conduct that forced the PTO to take the unusual step of issuing the Requirements in order to impose order on the examination process. A236. The Director observed that, "but for [plaintiff's] decision to file an unusually large number of duplicative and overlapping applications, with such a large number of redundant claims, there would have been no need for the Requirements, and no need for the use of [plaintiff's] allegedly confidential information in the examinations." *Ibid.*

Finally, the Director noted the "considerable public interest" implicated by plaintiff's applications, which have been pending for more than a decade and which will issue with 17-year terms. A236. "In this case, the public's interest is one more factor that justifies the limited special circumstances determination of this Order." *Ibid.*

Accordingly, the Director concluded that the PTO would treat the Requirements in the same manner as any other document in the prosecution history of plaintiff's applications. A237. Because five of plaintiff's pending applications were already

publicly accessible under Rule 1.14, the Director concluded that Requirements in those application files should be immediately made public as well. *Ibid.* Nonetheless, the Director stated that the PTO would refrain from releasing those Requirements for 60 days so that plaintiff “may file any applicable challenges to this Order.”⁹ *Ibid.*

In light of the Director’s order, the PTO has dismissed each of plaintiff’s multiple petitions to expunge or redact information from the Requirements. See, *e.g.*, A241-A244.

D. The District Court’s Decision

In December 2013, plaintiff filed this APA action in the United States District Court for the Eastern District of Virginia to challenge the Director’s order. See A26-A42 (complaint).

The district court dismissed the complaint. A17; see A1-A16. The court explained that the plain language of Section 122(a) commits to the Director’s discretion the authority to determine whether “special circumstances” warrant the disclosure of information related to patent applications, as the Director did here. A7-A11. Accord-

⁹ At plaintiff’s request, the PTO has agreed to keep the Requirements confidential pending the outcome of this litigation. See Pl. Br. 11 n.7. The PTO has done so notwithstanding that, as the Director observed, everything else in the prosecution histories of at least five of plaintiff’s applications has already been made public because one or more issued United States patents claim priority from them. See A237; 37 C.F.R. 1.14(a)(1)(v). For example, at least 15 patents claim priority from the ’812 application. See Pl. Br. 32. As discussed below, the public’s inability to inspect the Requirements for those applications in the same manner as any other office action in the application files prejudices the public’s ability to ascertain the proper scope of plaintiff’s issued patent claims.

ingly, the court held, that determination is not subject to judicial review under the APA, because the APA does not authorize review of decisions “committed to agency discretion by law.” 5 U.S.C. 701(a)(2); see A6-A7 (citing, *e.g.*, *Almond Bros. Lumber Co. v. United States*, 721 F.3d 1320, 1326 (Fed. Cir. 2013)).

The district court emphasized that Section 122(a) “does not merely authorize the USPTO to publish applications when special circumstances are present, but rather in those ‘special circumstances *as may be determined by the Director.*’” A8-A9 (quoting 35 U.S.C. 122(a)). Such language, the court explained, unambiguously commits the “special circumstances” determination to the discretion of the Director. Indeed, the court observed, “[p]laintiff fails to identify what judicially manageable standard of review exists to assess the Director’s determination,” as nothing in the Patent Act or any other source of law identifies or constrains the factors the Director may consider in deciding whether circumstances are “special.” A7-A8.

In the alternative, the district court explained that, if Section 122(a) were construed to provide a meaningful basis for judicial review, the court would grant summary judgment in favor of the government because the Director acted well within her discretion in determining that the statute “does not prohibit the disclosure of the information that Plaintiff seeks to protect.” A11; see A11-A16.

First, the court explained, Section 122(a) “expressly allows for the disclosure of otherwise confidential information where such disclosure is ‘necessary to carry out the provisions of an Act of Congress.’” A11. Here, Section 131 of the Patent Act re-

quires the Director to conduct a patent examination, and “the USPTO must accordingly find a feasible way to examine Plaintiff’s voluminous and interconnected applications.” A14. The court credited the PTO’s explanation that “[i]t is not feasible for the examiners to maintain a simultaneous mental picture of the roughly 120 independent claims in any given application, much less the 2,160 independent claims across [a particular] family’s 18 applications,” let alone “the 45,000 independent and 115,000 total claims across all 399 applications in the extended family.” A12 (quoting the Requirement for the ’812 application).

Moreover, the court stressed, the PTO will permit the Requirements to become public only in the same manner as other documents in the prosecution history of plaintiff’s applications, consistent with the ordinary operation of PTO rules. A13. “Plaintiff finds no argument with these regulations and cannot point to any authority allowing him to seek the redaction or expunging of files that are or will be lawfully public.” *Ibid.* To grant the relief that plaintiff requests, the court concluded, would “frustrate [the PTO’s] ability to provide the public a basis to determine his patents’ precise boundaries—both now and when new ones are issued.” *Ibid.* “As the publications Plaintiff seeks to stop will occur by normal operation of the same disclosure rules that apply to all other inventors, Plaintiff cannot seek to craft different disclosure rules through this action.” A14.

In any event, the district court concluded, “there is no genuine factual dispute over the USPTO’s determination that the nature and prosecution history of Plaintiff’s

patent applications constitute ‘special circumstances’ warranting publication.” A14. The district court rejected plaintiff’s argument that the circumstances cannot be “special” under Section 122(a) if the disclosure would not by itself reduce the number of his applications or claims. A15. “This grafts a requirement on to § 122(a)—the statute does not require disclosure to remedy the ‘special circumstances’ that warrant it.” *Ibid.* And in any case, “the [PTO] did not issue the Requirements to disclose information about Plaintiff’s applications,” but rather to “compel Plaintiff’s cooperation in organizing the claims among his applications.” *Ibid.* Under these circumstances, the court explained, the PTO reasonably concluded that “many of the same circumstances necessitating the Requirements also justified any publication that would result from them.” *Ibid.*

Accordingly, the district court held that “[t]he Director acted within [her] discretion to determine that these circumstances are sufficiently special to warrant disclosure.” A15-A16. This appeal followed.

SUMMARY OF ARGUMENT

Plaintiff seeks to prevent the operation of longstanding PTO rules that provide for public access to the prosecution history of issued patents and any still-pending applications to which such patents claim priority. According to plaintiff, the ordinary operation of PTO rules in this manner would violate 35 U.S.C. 122 because the Requirements—which the PTO issued in an attempt to impose order on plaintiff’s vast web of overlapping applications and redundant claims—discuss and quote from relat-

ed applications. As the Director explained in a written order, however, Section 122(a) does not prevent the PTO from making available to the public, when a patent issues, the factual and legal basis for the PTO's examination decisions. Section 122(a) expressly authorizes the PTO to disclose information about pending patent applications when "necessary to carry out the provisions of an Act of Congress or in such special circumstances as may be determined by the Director." As the Director explained, both exceptions apply here.

The district court correctly rejected plaintiff's APA challenge to the Director's order. Congress committed to the Director's discretion the authority to determine that "special circumstances" exist under Section 122(a). The APA precludes judicial review of determinations "committed to agency discretion by law" in this manner. 5 U.S.C. 701(a)(2). Nothing in the Patent Act provides a meaningful basis for reviewing the Director's determination that particular circumstances qualify as "special." As the district court explained, the statute does not define the term "special circumstances," nor does anything in the Patent Act require (or forbid) the Director to consider particular factors or find specific facts in exercising her discretion under Section 122(a). Congress committed to the agency's discretion not only the answer to the "special circumstances" inquiry, but the scope of the question itself. Plaintiff's arguments to the contrary disregard the long history before the 1952 Patent Act, when the confidentiality of patent applications was determined only by Patent Office rules and was always subject to the discretion of the Commissioner of Patents. Congress car-

ried forward that traditional discretion in Section 122(a) by vesting the “special circumstances” determination in the Director alone.

Because Section 701(a)(2) precludes judicial review of the Director’s “special circumstances” determination, the district court properly dismissed the complaint. But if the Court reaches the merits, the Director’s reasoning is persuasive, consistent with the text and purposes of Section 122(a), and entitled to deference. As the district court recognized, there is no genuine dispute that the unprecedented challenges posed by plaintiff’s patent prosecution practices constitute “special circumstances.” The staggering multiplicity of plaintiff’s claims (which average 9,583 claims per distinct specification), coupled with the nearly indecipherable web of priority relationships among his applications, compelled the agency to issue the Requirements. And for essentially the same reasons, the Director determined that “special circumstances” warranted making the Requirements available to the public at the appropriate time under PTO rules, so that the public could discern the legal and factual basis for the PTO’s examination of plaintiff’s granted claims. Plaintiff identifies no plausible basis for disturbing that determination.

The Director also reasonably concluded that making the Requirements available to the public as part of the prosecution history of plaintiff’s applications is necessary to effectuate the Director’s duty of examination under 35 U.S.C. 131. As the Director explained and the district court agreed, the Requirements are essential for a proper examination of plaintiff’s claims. And a necessary corollary of that examina-

tion is that the Director must make available to the public the official record of the Office's examination of any patent issued to plaintiff.

As the Director emphasized, the only “publication” at issue in this case is the release of a Requirement as part of the prosecution history of plaintiff's applications in the ordinary course of examination—*i.e.*, when the application itself issues as a patent, or when an issued patent claims priority from such an application. See 37 C.F.R. 1.11(a); 37 C.F.R. 1.14(a)(1)(v). The point of these rules is to ensure that the public has access to the entire record of examination before the PTO so that the public may understand the proper scope of the granted claims. Plaintiff is not entitled to demand a special exception from those rules, the validity of which he does not otherwise contest. The Director reasonably concluded that, because the Requirements are necessary for the PTO to conduct an effective examination of plaintiff's voluminous and overlapping patent applications, it is also necessary to disclose those Requirements to the public in the same manner as all other prosecution history materials, so that the public may understand the boundaries of plaintiff's claims.

STANDARD OF REVIEW

This Court reviews *de novo* the grant of a motion to dismiss a complaint for lack of jurisdiction. *Creative Compounds, LLC v. Starmark Labs.*, 651 F.3d 1303, 1309 (Fed. Cir. 2011). Whether judicial review of agency action is precluded under Section 701 of the APA is a question of statutory interpretation subject to plenary review. *Texas Alliance for Home Care Servs. v. Sebelius*, 681 F.3d 402, 408 (D.C. Cir. 2012).

If the Court reaches the merits of plaintiff's challenge to the Director's determination under Section 122(a), the Court reviews *de novo* a grant of summary judgment under the APA. *Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1335 (Fed. Cir. 2008). Like the district court, this Court reviews the PTO's decision solely to determine whether the agency acted arbitrarily or capriciously in applying Section 122(a), which Congress authorized the Director to construe and apply with the force of law. See 35 U.S.C. 122(a); *United States v. Mead Corp.*, 533 U.S. 218, 229 (2001); *Cooper Techs.*, 536 F.3d at 1335-1338.

ARGUMENT

I. The District Court Correctly Held That Section 122(a) Commits to the Director's Discretion the Determination Whether "Special Circumstances" Exist

Section 122 of the Patent Act authorizes the Director of the PTO to disclose information concerning pending patent applications "in such special circumstances as may be determined by the Director." 35 U.S.C. 122(a). As the district court recognized, this language unmistakably commits to the Director's discretion the authority to determine whether particular circumstances qualify as "special." Section 701(a)(2) of the APA precludes judicial review of agency determinations of this kind, which are "committed to agency discretion by law" and therefore outside the scope of the APA altogether. 5 U.S.C. 701(a)(2); see generally *Heckler v. Chaney*, 470 U.S. 821, 828-834

(1985); *Almond Bros. Lumber Co. v. United States*, 721 F.3d 1320, 1326-1327 (Fed. Cir. 2013); *Sierra Club v. Jackson*, 648 F.3d 848, 855-856 (D.C. Cir. 2011).¹⁰

A. Congress Vested the “Special Circumstances” Inquiry in the Director Alone

Congress could hardly have been more clear that the existence of “special circumstances” is for the Director alone to determine. Section 122(a) does not merely provide that the PTO may disclose information about pending patent applications in special circumstances; it commits the entire question to the Director’s discretion. See 35 U.S.C. 122(a) (authorizing disclosure “in such special circumstances as may be determined by the Director”). As the Supreme Court has explained, statutory language of this kind “fairly exudes deference” and “foreclose[s] the application of any meaningful judicial standard of review.” *Webster v. Doe*, 486 U.S. 592, 600 (1988).

Even before the enactment of the APA, the Supreme Court emphasized that “[i]t has long been held that where Congress has authorized a public officer to take some specified legislative action when in his judgment that action is necessary or appropriate to carry out the policy of Congress, the judgment of the officer as to the existence of the facts calling for that action is not subject to review.” *United States v.*

¹⁰ The district court additionally suggested that the question whether a disclosure is “necessary to carry out an Act of Congress” under Section 122(a) is not subject to review under the APA. See A7, A10. While the Director’s judgment that a particular disclosure is necessary to carry out her statutory responsibility to ensure an effective patent examination is entitled to substantial deference, see *infra*, the government does not contend that it is committed to agency discretion by law.

George S. Bush & Co., 310 U.S. 371, 380 (1940). That decision, in turn, is cited in the 1947 Attorney General’s Manual on the Administrative Procedure Act (1947 AG Manual) as exemplifying the APA’s exclusion of matters “committed to agency discretion by law” under 5 U.S.C. 701(a)(2). See 1947 AG Manual, § IX, at 94 (citing *George S. Bush*);¹¹ see also *Bowen v. Georgetown Univ. Hosp.*, 488 U.S. 204, 218 (1988) (Scalia, J., concurring) (explaining that the Court has consistently afforded the 1947 AG Manual “great weight” in interpreting the APA).

Section 122(a) is a quintessential example of such a statute. It vests the Director with the authority to waive the confidentiality provisions of Section 122 “in such special circumstances may be determined by the Director”—in other words, “when in [her] judgment that action is necessary or appropriate to carry out the policy of Congress.” *George S. Bush*, 310 U.S. at 380. Accordingly, the Director’s determination “as to the existence of the facts calling for that action” is “not subject to review” under the APA. *Ibid.*; 5 U.S.C. 701(a)(2).

Consistent with *George S. Bush* and the 1947 AG Manual, courts have consistently held that Section 701(a)(2) precludes judicial review under the APA of administrative judgments rendered under similarly broad delegations of discretion. See, e.g., *Webster*, 486 U.S. at 600 (statute permitting CIA Director to terminate an employee

¹¹ The 1947 AG Manual is available online at <http://www.law.fsu.edu/library/admin/1947cover.html> (last accessed Nov. 19, 2014).

whenever he “shall deem such termination necessary or advisable in the interests of the United States”) (emphasis and internal quotation marks omitted); *Tamenut v. Mukasey*, 521 F.3d 1000, 1004 (8th Cir. 2008) (en banc) (regulation allowing the Board of Immigration Appeals to reopen an appeal in an “exceptional situation”); *Steenholdt v. FAA*, 314 F.3d 633, 638 (D.C. Cir. 2003) (statute permitting the FAA Administrator to revoke an aircraft inspector’s designation “at any time for any reason the Administrator considers appropriate”).

Plaintiff does not cite any prior decision of this Court or any other court of appeals reviewing a determination by the Director under Section 122(a). Nor does plaintiff point to any case reviewing an agency’s exercise of discretion under any similarly worded grant of authority. Instead, plaintiff repeatedly cites a trio of cases holding that Section 122 precludes the release of patent applications under the Freedom of Information Act (FOIA). See *Irons & Sears v. Dann*, 606 F.2d 1215 (D.C. Cir. 1979); *Lee Pharm. v. Kreps*, 577 F.2d 610 (9th Cir. 1978); *Sears v. Gottschalk*, 502 F.2d 122 (4th Cir. 1974). As the district court explained, see A8, those decisions cast no light on the question in this case. The conclusion that members of the public cannot freely obtain pending patent applications under the FOIA, see 5 U.S.C. 552(b)(3), has no bearing on whether the existence of “special circumstances” under Section 122(a) is committed to agency discretion by law. None of the decisions on which plaintiff relies even purports to consider whether the Director’s determinations under Section 122(a) are reviewable under the APA.

B. Congress Provided No Meaningful Standard for Judicial Review

As the district court stressed (A7-A11), moreover, nothing in the Patent Act provides a meaningful basis for reviewing the Director’s determination that particular circumstances qualify as “special.” The statute does not require the Director to consider particular factors, find specific facts, or create an evidentiary record. Nor are there any factors that the Director is forbidden from considering in deciding what is “special.” Rather, in recognition of the Director’s unique position to determine what will best serve the needs of the agency and the patent system, Section 122(a) commits to the agency’s discretion not only the answer to the “special circumstances” inquiry, but the scope of the question itself. See *Almond Lumber Bros.*, 721 F.3d at 1326 (observing that “[a] decision is more likely to be committed to an agency’s discretion when it requires a complicated balancing of a number of factors which are peculiarly within its expertise,” such as “whether a particular action best fits the agency’s overall policies” (internal quotation marks omitted)).

The absence of any meaningful yardstick for evaluating the Director’s discretionary judgments under Section 122(a) is compelling evidence that Congress did not anticipate judicial review of those judgments under the APA. Congress enacted the APA’s exception for questions “committed to agency discretion by law,” 5 U.S.C. 701(a)(2), precisely to make clear the APA was not intended to authorize review of such questions. As the Supreme Court has explained, Section 701(a)(2) applies “where statutes are drawn in such broad terms that in a given case there is no law to

apply,” *Citizens to Preserve Overton Park, Inc. v. Volpe*, 401 U.S. 402, 410 (1971) (internal quotation marks omitted), and where “the statute is drawn so that a court would have no meaningful standard against which to judge the agency’s exercise of discretion.” *Chaney*, 470 U.S. at 830. Here, as the district court explained, there is “no law to apply” in evaluating the Director’s determination that particular circumstances are “special,” because nothing in the Patent Act either specifies or constrains what the Director can consider in making that determination. And for essentially the same reasons, there is “no meaningful standard against which to judge the agency’s exercise of discretion,” because Congress imposed no meaningful limitations on the Director’s exercise of the discretion conferred by Section 122(a).

Plaintiff’s arguments to the contrary only underscore that Congress committed the “special circumstances” determination to the Director’s discretion. Plaintiff emphasizes, for example, that Section 122 as a whole creates a “general rule against disclosure” (Br. 19) that employs mandatory language of a kind normally “enforceable through judicial review” (Br. 20). But that proposition is not in doubt. No one disputes that Section 122(a) generally bars the release of information about pending patent applications; that is the proposition for which plaintiff’s FOIA cases stand. Nor is there any question that a federal court could enforce the mandatory terms of the statute in an appropriate case—for example, by enjoining a disclosure that is neither necessary to carry out an Act of Congress nor made pursuant to a determination of “special circumstances” by the Director.

It is an entirely different matter, however, to suggest that a district court may properly review the Director's determination that "special circumstances" exist. As we have discussed, Congress vested that determination in the Director alone, and plaintiff "fails to identify what judicially manageable standard of review" might govern a challenge to the Director's judgment. A7. Plaintiff does not point to anything in the Patent Act requiring (or forbidding) the Director to consider any particular factors in exercising her judgment under Section 122. As the district court pointed out, therefore, it is difficult to see how judicial review under the APA could proceed: the touchstone of APA review is whether the agency decision "was based on a *consideration of the relevant factors* and whether there has been a clear error of judgment." A10 (quoting *Citizens to Preserve Overton Park*, 401 U.S. at 416).

Tellingly, in insisting that the "special circumstances" inquiry is amenable to judicial review, plaintiff is forced to invent his own legal standard: whether, "in light of the purpose of § 122," the PTO "reasonably found that unusual circumstances give rise to an interest in disclosure sufficient to override the general confidentiality rule." Pl. Br. 21. Because plaintiff failed to offer this standard in the district court, the court's decision does not address it. But it is clear that Congress said nothing of the kind. First, Section 122(a) refers to *special* circumstances, not "unusual" circumstances. Nothing in the Patent Act requires the Director to construe the term "special" ex-

clusively in the sense of “unusual.”¹² Indeed, many of the “special circumstances” long recognized under PTO rules—such as the right of the public to examine a pending application when an already-issued patent claims the benefit of priority from it, see 37 C.F.R. 1.14(a)(1)(v)—are not unusual at all.

More fundamentally, nothing in Section 122(a) frames the “special circumstances” inquiry as a balancing test. Under the plain language of the statute, the confidentiality rule of Section 122 does not apply “in such special circumstances as may be determined by the Director.” Nothing in that formulation requires the Director to find, as a condition of such a determination, that the need for disclosure “override[s]” any interest in confidentiality, let alone suggests that a district court could set aside the Director’s judgment for failure to conduct that balancing properly. Nor does plaintiff explain how a district court could manageably review the Director’s appraisal of the relative value of disclosure and confidentiality. The statute does not indicate, for example, how strongly the Director should prefer confidentiality, what factors the Director should consider in weighing the benefits of disclosure, or even the level of gen-

¹² “Unusual” is only one of several accepted meanings of the term “special.” See, *e.g.*, Black’s Law Dictionary 1612 (10th ed. 2014) (“[o]f, relating to, or designating a species, kind, or individual thing”; “designed for a particular purpose”; or “unusual; extraordinary”); Webster’s New International Dictionary 2413 (2d ed. 1958) (“[d]istinguished by some unusual quality; uncommon; noteworthy; extraordinary . . . esp., distinguished by superior excellence, importance, power, or the like”; “[r]elating to a single thing or class of things; having an individual character or trait; particular; peculiar; unique,” or “[o]f or pertaining to a species; constituting a species or sort”).

erality at which the question should be resolved: must the Director evaluate the need for confidentiality from the perspective of the particular applicant, for example, or may she consider the needs of the patent system as a whole? Even plaintiff does not suggest that the statute answers these questions. It is therefore difficult to comprehend how a district court could set aside the Director's judgment for failure to answer them correctly.

In asserting that the Director's "special circumstances" determination is nonetheless reviewable under the APA, plaintiff repeatedly invokes *Robbins v. Reagan*, 780 F.2d 37 (D.C. Cir. 1985) (per curiam). See Pl. Br. 21-22. But that case is no help to plaintiff. In *Robbins*, the D.C. Circuit held that the government's rescission of a commitment to renovate a homeless shelter was subject to APA review because, *inter alia*, the applicable statute limited the agency's funding discretion in relevant ways. See 780 F.2d at 48 ("[G]iven the fact that the statute limits the uses for which the funds can be used, we see no barrier to our assessing whether the agency's decision was based on factors that are relevant to this goal."). Here, by contrast, plaintiff cannot point to any limitation in the Patent Act on the Director's discretion to identify "special circumstances," and none exists. To the extent that *Robbins* suggested that agency action is reviewable under the APA whenever a court perceives a general goal or policy in the statutory scheme, see 780 F.2d at 45, subsequent decisions have recognized that, taken literally, such a standard would read Section 701(a)(2) out of the APA. See *Speed Mining, Inc. v. Fed. Mine Safety and Health Review Comm'n*, 528 F.3d 310, 318 (4th Cir. 2008)

(recognizing that, because “all legislation has purposes and policies, adopting this standard would in essence hold all agency decisions under all statutes reviewable” (internal quotation marks and citation omitted)); *Sec’y of Labor v. Twentymile Coal Co.*, 456 F.3d 151, 158 (D.C. Cir. 2006) (similar). This Court has never endorsed such a cramped understanding of Section 701(a)(2). See *Almond Bros. Lumber Co.*, 721 F.3d at 1326-1327.¹³

Finally, plaintiff insists that the Director’s determinations under Section 122(a) cannot be committed to agency discretion by law under the APA because the APA itself provides a basis for judicial review. See Pl. Br. 24-25 (urging that Section 122 “does not preclude judicial review, because a court can review the lawfulness of such determinations under the standards of the APA,” such as by asking “whether the PTO’s decision is arbitrary, capricious, or otherwise unlawful”). But that reasoning is circular: the same could be said in *every* APA case. In *Webster v. Doe*, for example, the court of appeals concluded that the agency’s decision to discharge an employee was

¹³ Plaintiff also relies (Pl.Br. 22, 25) on *Dickson v. Secretary of Defense*, 68 F.3d 1396 (D.C. Cir. 1995), which held that certain “interest of justice” determinations by a military corrections board were subject to APA review. See *id.* at 1402-1403. The outcome in *Dickson*, however, was compelled by earlier decisions involving the same type of military corrections board. See *ibid.* One of those precedents all but acknowledged that the reasoning of the controlling cases was inconsistent with the Supreme Court’s later interpretation of the APA in *Webster v. Doe*. See *Kreis v. Sec’y of the Air Force*, 866 F.2d 1508, 1515 (D.C. Cir. 1989) (“Were it a question of first impression, we would be more sympathetic to the Secretary’s argument that his promotion decisions . . . are committed by law to his unreviewable discretion, particularly in light of the Supreme Court’s recent decision in *Webster*.”).

subject to general arbitrary-or-capricious review under the APA. See 486 U.S. at 598. Yet the Supreme Court unanimously reversed, holding that the decision was committed to agency discretion by law. *Id.* at 599-601. The whole point of the APA's exception for matters committed to agency discretion by law, 5 U.S.C. 701(a)(2), is that the APA's general standards for judicial review of agency action do *not* apply when Congress has so thoroughly vested a question in an agency's discretion that a court has no principled basis for reviewing the agency's decision. Because that is the case here, the district court correctly held that the Director's determination that "special circumstances" exist is not subject to collateral attack under the APA.

C. Section 122(a) Codifies the Director's Traditional Discretion to Determine the Circumstances in which Public Access to Pending Applications Is Appropriate

In the end, plaintiff falls back on the broad purposes of Section 122, urging that the confidentiality of patent applications "has long been recognized as an important bulwark of the patent system." Pl. Br. 23. For just as long, however, it has also been the prerogative of the Director of the PTO (previously the Commissioner of Patents) to identify circumstances in which public access to pending patent applications is appropriate. This history explains why Congress was comfortable entrusting the "special circumstances" determination to the Director's sole discretion.

For most of the history of the patent system, no statute required the confidential treatment of patent applications. Rather, that treatment was provided by Patent Office rules, which afforded secrecy only to the extent consistent with the business of

the Office. In 1854, for example, the Patent Office published rules specifying that applications would be preserved in secrecy “as far as practicable.” *Sears*, 502 F.2d at 129 n.18 (quoting 1854 rule). Similarly, the original edition of the Manual of Patent Examining Procedure (MPEP), published in 1948, provided: “Pending applications are preserved in secrecy . . . unless it shall be necessary to the proper conduct of business before the Office or as provided by these rules.” 1948 MPEP § 2-1.

The Commissioner of Patents, moreover, reserved the discretion to determine on a case-by-case basis whether the rule of confidential treatment of patent applications should yield to the equities of a particular circumstance. In *In re The New York Woven Wire Mattress Co.*, 1906 Dec. Comm’r Pat. 101, for example, the Commissioner granted a petition for access to a confidential reissue application that had been referenced in a granted patent. The Commissioner determined that inspection of the application was “necessary . . . in order to understand thoroughly the views of the patentee and the Office in the patented case.” *Id.* at 101. Similarly, in *Ex parte Moore*, 1927 Dec. Comm’r Pat. 87, the Commissioner permitted the defendant in a patent infringement action to inspect the file of a pending reissue application, reasoning that “a defendant who is sued as infringing a patent should not have anything hidden from him relating to the patent upon which he is being sued.” *Id.* at 88.

Many of these special circumstances came to be reflected in the rules and practices of the Patent Office. The 1948 MPEP indicated, for example, that the Office would permit any member of the public to inspect the application file of a granted pa-

tent, and would “ordinarily” permit public inspection of a pending reissue application as well. 1948 MPEP § 2-2-1. Similarly, it provided that, whenever a patent issued on a divisional application referring to a still-pending parent application, the parent application would be made “open to inspection by the public, even though still pending before the Office,” because “the public is entitled to see what prosecution, if any, of the subject matter of the patent claims was had in the parent case, and to ascertain whether the patent is entitled to the filing date of the earlier case.” *Ibid.* And the 1948 MPEP recognized that, in appropriate circumstances, disclosure could be warranted to remedy unfair conduct by the applicant: “Where an applicant uses his application as a means to interfere with a competitor’s business or customers, permission to inspect the application may be given the competitor by the Commissioner.” *Id.* § 2-2-2.

In 1952, Congress recodified the patent laws and, for the first time, recognized in statute the principle of confidential treatment of patent applications. See Act of July 19, 1952, ch. 950, § 122, 66 Stat. 792, 801. But Congress expressly made that principle subject to the Director’s prerogative to identify “special circumstances” in which confidential treatment would not be appropriate. See 35 U.S.C. 122(a). Congress thereby retained the Director’s historical discretion to determine that the equities of particular circumstances justified allowing public access to pending patent applications. As plaintiff recognizes (Pl. Br. 23), the legislative history of the 1952 Act indicates that Section 122 was intended simply to “incorporate[] into the title the rule of secrecy of patent applications which has existed in the Patent Office for genera-

tions.” H.R. Rep. No. 1923, 82d Cong., 2d Sess. at 7 (1952); see also S. Rep. No. 1979, 82d Cong., 2d Sess. at 6 (1952) (same). That traditional “rule of secrecy” always incorporated the Commissioner’s discretion to waive confidentiality when the circumstances so warranted. See generally 1948 MPEP § 2.

That historical practice, which long pre-dates the enactment of Section 122(a), refutes plaintiff’s hyperbolic assertion that the PTO seeks “unreviewable authorization . . . to disclose patent applications for any reason.” Pl. Br. 14. As already discussed, for most of the history of the patent system, no statute required confidential treatment of patent applications at all, and the Commissioner of Patents exercised the discretion to permit public access to pending applications as appropriate. Nevertheless, the agency did not wantonly throw open the agency’s files for public inspection, but generally enforced a rule of confidentiality subject to occasional exceptions in the Commissioner’s discretion. In enacting Section 122(a), Congress did not intend to alter that scheme, but instead textually committed the recognition of “special circumstances” to the Director’s discretion, exactly where it had always been.

II. The Director Reasonably Determined that Section 122 Permits Public Access to a Requirement Under the Ordinary Operation of PTO Rules

For the foregoing reasons, the district court correctly dismissed the complaint under Section 701(a)(2) of the APA. The Director determined that “special circumstances” warrant allowing the Requirements to become public in the same manner as other materials in the prosecution history of plaintiff’s applications. See A238. Be-

cause that determination is “committed to agency discretion by law” under Section 701(a)(2) of the APA, the judgment of the district court should be affirmed.

In any event, the district court also correctly sustained the Director’s order on the merits. See A11-A16. In a written decision, the Director explained that Section 122(a) permits the agency to make the Requirements available to the public under the ordinary operation of PTO rules, both (1) because the circumstances of plaintiff’s applications are “special” under any conceivable definition of that term, and (2) because the Requirements are necessary to carry out the Director’s statutory responsibility to ensure an effective examination of plaintiff’s vast and overlapping families of applications. See A233-A238. Plaintiff identifies no plausible basis for setting aside the Director’s order.

A. The Director Reasonably Determined that “Special Circumstances” Exist

1. As the district court observed, there is no serious question that that “the nature and prosecution history of Plaintiff’s patent applications constitute ‘special circumstances.’” A14. Each of plaintiff’s 399 pending applications features, on average, more than 100 independent claims and nearly 300 total claims—among the largest per-application claim sets that the PTO has ever encountered. See A1. Altogether, PTO estimates that the extended family of plaintiff’s applications includes 45,000 independent claims and 115,000 total claims. A2. That is true notwithstanding that,

among all of plaintiff's applications, there exist only 12 distinct specifications, see *ibid.*, for a staggering average of 9,583 *pending claims per specification*.

The asserted priority relationships among plaintiff's applications, moreover, are almost indecipherably complex. Each of the 399 applications purports to incorporate by reference, and claims the benefit of priority from, a network of earlier-filed applications dating back to the early 1970s. See A1-A2. As an example, the '812 application claims priority to each of 20 prior applications, and is itself claimed as a parent by no fewer than 112 later applications. A2. The result is that examiners cannot reliably determine the relevant prior art to search with respect to any given claim, as the different possible priority dates may span decades. See, *e.g.*, A169.

The extraordinary challenges posed by this vast web of overlapping applications and duplicative claims compelled the agency to issue the Requirements. And for essentially the same reasons, the Director determined that "special circumstances" warranted making the Requirements (and plaintiff's responses thereto) available to the public at the appropriate time under PTO rules, so that the public can discern the legal and factual basis for the PTO's examination of plaintiff's granted claims.

As the Director explained, see A233, A237, the only question is whether the agency may permit the Requirements to become public in the same manner as any other office action in the prosecution history of a patent application—*e.g.*, when an application subject to a Requirement issues as a patent, or when an issued patent claims the benefit of priority from such an application. See 37 C.F.R. 1.11(a); 37

C.F.R. 1.14(a)(1)(v). As relevant to Section 122, the Requirements differ from other office actions only in that, to establish a factual basis for requiring plaintiff to winnow his claims and identify the earliest supporting disclosures, the Requirements discuss the relationships among relevant applications and demonstrate, with specific examples, the extraordinary multiplicity of plaintiff's claims. A233; see, *e.g.*, A183-A200. The special circumstances of plaintiff's applications, the Director concluded, "justify inclusion of such information, without redaction, in the Requirements and in other USPTO communications to [plaintiff] relating to the Requirements." A238.

2. Plaintiff fails to identify any basis for setting aside the Director's "special circumstances" determination. He does not (and could not) suggest that the circumstances of his applications are *ordinary*. To the contrary, plaintiff appears to concede that his applications pose at least "unusual circumstances." See Pl. Br. 34-35. Nor does plaintiff suggest that opening the Requirements to public inspection in the ordinary course under PTO rules will somehow result in a premature disclosure of protected trade secrets. See Pl. Br. 35-37. As the Director explained, "the information in these Requirements will not become public until a specification to which the Requirement applies becomes public, thereby negating any concern about release of trade secrets or other technical information relating to [plaintiff's] invention." A235.¹⁴

¹⁴ Plaintiff nevertheless asserts, without explanation, that the disclosure of the Requirements will cause him harm. Pl. Br. 37. But even if there were some marginal injury to plaintiff from the disclosure of redundant claims directed to an already-

Plaintiff's principal objection to the Director's "special circumstances" determination is *not* that the circumstances are not "special," but rather that the special circumstances found by the Director "bear[] no relation to any interest in publication." Pl. Br. 34. But that is both irrelevant and untrue.

First, as the district court explained, nothing in Section 122(a) limits the Director's authority to find "special circumstances" to instances in which the public disclosure will cure an identified public harm. See A15 (explaining that plaintiff's contrary argument "grafts a requirement on to § 122(a)"). Indeed, plaintiff does not even attempt to derive his narrow-tailoring requirement from the text of the statute. All that Congress required was that the circumstances be "special." Even if the Director's conclusion that "special circumstances" exist is subject to review under the APA, the plain language of Section 122 does not require the Director to find anything more. If Congress had intended to limit the Director's discretion in the manner plaintiff suggests, it could easily have done so.

In any event, the "special circumstances" found by the Director manifestly *do* relate to publication. As the Director explained (A233-A234), the whole point of the Requirements is to enable the "effective examination" of plaintiff's patent applications by enlisting his cooperation in reducing the multiplicity of claims and identifying the

public specification, it was reasonable for the Director to conclude that the lack of any premature disclosure of protected trade-secret information diminished the force of plaintiff's objections under Section 122. See A235.

earliest supporting disclosures. When any patent issues on an application subject to a Requirement, the public is entitled to know the bases on which the PTO examined the plaintiff's claims, including plaintiff's responses to the Requirements. Likewise, the public is entitled to know how the PTO identified the prior art relevant to each of plaintiff's applications and why plaintiff believes his claims are entitled to the priority treatment he asserts. That is why the Director determined that the special circumstances of plaintiff's applications "justify inclusion of such information, *without redaction*, in the Requirements and in other USPTO communications to [plaintiff] relating to the Requirements." A238 (emphasis added).

3. To the extent the issue is subject to doubt, moreover, the Director's construction of the "special circumstances" provision of Section 122(a) is entitled to deference under *Chevron USA Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837 (1984).¹⁵ The text of Section 122(a) unambiguously vests the authority to decide what constitutes "special circumstances" in the Director of the PTO. See 35 U.S.C. 122(a) (authorizing the disclosure of information relating to patent applications "in such special circumstances as may be determined by the Director"). If that provision does not wholly commit the "special circumstances" determination to the Director's discretion, see *supra*, it surely reflects a delegation of authority from Congress to speak with "the

¹⁵ Like the district court, this Court may resolve this case without resolving the level of deference owed to the Director's interpretation of Section 122 because the circumstances here are "special" under any plausible understanding of that term.

force of law” in interpreting the phrase “special circumstances.” See *United States v. Mead Corp.*, 533 U.S. 218, 229 (2001).

Here, the Director construed the term “special circumstances” to encompass the disclosure, under ordinary PTO rules, of office actions that discuss information in other co-pending applications directed to the same underlying specification, so that the public may understand the basis for the agency’s examination decisions. See A233-A238. Because that interpretation is reasonable and consistent with the statutory text, it is entitled to deference under *Chevron*.

Indeed, the Director’s conclusion that “special circumstances” justify permitting public access to the Requirements under Rules 1.11 and 1.14 reflects the same fundamental policy judgment that animates many of the other special circumstances recognized in those rules: that the public is entitled to study the prosecution history of granted patents, as well as any pending applications to which those patents claim priority, to understand the scope of the granted claims. See generally 37 C.F.R. 1.11(a); 37 C.F.R. 1.14(a). The same fundamental policy prompted the Commissioner of Patents to recognize exceptions to the confidential treatment of patent applications even before the 1952 Act. See, e.g., 1948 MPEP § 2; *Ex parte Moore*, 1927 Dec. Comm’r Pat. at 88. That longstanding administrative judgment, spanning more than half a century, is entitled to *Chevron* deference.

In urging the contrary (Pl. Br. 37-41), plaintiff cites a hodge-podge of factors, none of which bears on the proper analysis under Supreme Court precedent. Plaintiff

emphasizes, for example, that the Director's order was not issued pursuant to notice-and-comment rulemaking. But the Supreme Court has repeatedly held that agencies may promulgate binding legal interpretations through adjudication as well as rulemaking, see *NLRB v. Bell Aerospace Co.*, 416 U.S. 267, 291-294 (1974); *SEC v. Chenery Corp.*, 332 U.S. 194, 201-203 (1947), and that "the choice between rulemaking and adjudication lies in the first instance within [the agency's] discretion," *Bell Aerospace*, 416 U.S. at 294. Likewise, the availability of *Chevron* deference does not depend on the particular mechanism by which an agency adopts a legal interpretation, but on whether Congress intended the agency to speak with the "force of law" in doing so. See *Mead*, 533 U.S. at 229 (noting that *Chevron* deference is appropriate whenever "Congress would expect the agency to be able to speak with the force of law when it addresses ambiguity in the statute or fills a space in the enacted law," whether through "rulemaking or adjudication"). If it is evident that Congress expected the agency to speak with the force of law, moreover, it does not matter whether the agency employed formal procedures. See *id.* at 230-231 (observing that the Court has afforded *Chevron* deference to agency actions "even when no such administrative formality was required and none was afforded").

Here, having repeatedly petitioned the PTO to redact or expunge the Requirements, see, e.g., A218-A230, plaintiff can hardly complain that the agency addressed the meaning of Section 122 through adjudication rather than rulemaking. Nor is there any serious dispute that Congress intended the Director to speak with the force of law

in deciding what constitutes “special circumstances.” See 35 U.S.C. 122(a). By its own terms, the order is intended to be dispositive; it expressly recites that its reasoning will govern public access to all existing and future communications between the PTO and plaintiff concerning the Requirements, as well as to the order itself, which “may be a necessary guide to future issues arising under 35 U.S.C. § 122.” A237. And it is difficult to fathom how plaintiff could demand a more formal exercise of the agency’s authority under Section 122 than a written determination personally signed by the Deputy Director exercising the powers of the Director. See A238.

Especially ironic is plaintiff’s contention that the Director’s order is not entitled to *Chevron* deference because “the PTO has not published the Order, nor has it expressed any intention to publish the Order.” Pl. Br. 40. Although nothing in the Supreme Court’s decisions limits *Chevron* deference to published agency decisions, the PTO has the authority to publish the Director’s order, see 37 C.F.R. 1.14(e), and has no objections to doing so. Thus far, however, the PTO has refrained from publishing the order *as a courtesy to plaintiff* because it contains information that plaintiff asserts is protected by Section 122. See A236-A237 (reciting application serial numbers). Indeed, plaintiff asked the district court to forbid the publication of the Director’s order during the pendency of this litigation for that reason. See A118. Plaintiff cannot simultaneously insist that the order includes confidential information and fault the PTO for not immediately publishing it.

Because the Director’s interpretation of Section 122(a) is reasonable, consistent with the statutory text, and carries the force of law, it is entitled—at a minimum—to deference under *Chevron*.

B. The Director Also Reasonably Determined that Disclosing the Requirements as Part of the Prosecution History of Plaintiff’s Applications Is Necessary to Effectuate the Director’s Duty of Examination Under 35 U.S.C. 131

For many of the same reasons, the Director also reasonably determined that placing the Requirements in plaintiff’s application files is “necessary to carry out the provisions of an Act of Congress.” 35 U.S.C. 122(a). It is the Director’s responsibility under Section 131 of the Patent Act to conduct an effective examination of every patent application. See 35 U.S.C. 131. A necessary corollary of that duty is the Director’s responsibility to make available to the public the official record of the Office’s examination of issued patents. See, e.g., *Nautilus, Inc. v. Biosig Instruments, Inc.*, 134 S. Ct. 2120, 2128 (2014) (reiterating that patent claims are construed in light of the relevant “prosecution history”); *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 733 (2002) (explaining that “the claims of a patent [are] interpreted in light of the proceedings in the PTO during the application process”).

Here, as the Director explained, it is “necessary for proper examination of [plaintiff’s] applications under 35 U.S.C. § 131” to include information related to other applications filed by plaintiff—such as specific examples of the many redundant claims directed to the same specification—in the Requirements. A234. As already

discussed, that is the point of the Requirements: to establish a factual basis for requiring plaintiff to winnow his claims and identify the earliest supporting disclosure. See A233. For purposes of this case, moreover, plaintiff has not disputed the authority of the PTO to impose Requirements of this kind in order to ensure an effective examination. Pl. Br. 6 n.4. The Director therefore reasoned that, because the Requirements are reasonably necessary to carry out the PTO's responsibility under 35 U.S.C. 131 to examine plaintiff's voluminous and overlapping applications, "the fact that a Requirement might become available to the public as part of an application's prosecution history can also be said to have been required by an Act of Congress." A234.

As the Director observed, a similar circumstance "routinely occurs in double-patenting situations." A234. In the double-patenting context, the PTO often has no choice but to discuss the duplicative claims in issuing an appropriate rejection, even when (as commonly occurs in obviousness-type double-patenting) the offending claims arise in different applications. In that context as in this one, the Director explained, "any right to confidentiality" in the co-pending claim "must give way to the necessities of patent examination." *Ibid.*; see, e.g., MPEP § 804.03(IV), ¶7.15.01, Examiner Note 1 (providing a form paragraph that is "used to provisionally reject over a copending application with an earlier filing date that discloses the claimed invention which has not been published under 35 U.S.C. 122."). Plaintiff identifies no error in this reasoning, which is correct, well grounded in PTO practice, and entitled to deference.

Plaintiff objects that Section 131 itself says nothing about the disclosure of a patent application or its prosecution history. Pl. Br. 28-29. According to plaintiff, even accepting that the Requirements are necessary to effective examination, it is not necessary for the PTO to publish the information in the Requirements or any of plaintiff's related responses. Pl. Br. 29.

That proposition is untenable. As already discussed, the only "publication" at issue in this case is the release of a Requirement as part of the prosecution history of plaintiff's applications in the ordinary course of examination—*i.e.*, when the application itself issues as a patent, or when an issued patent claims priority from such an application. See 37 C.F.R. 1.11(a); 37 C.F.R. 1.14(a)(1)(v). The point of these rules is to ensure that the public has access to the entire record of examination before the PTO so that the public may understand the proper scope of the granted claims. Creating such a public record is one of the fundamental purposes of the PTO's examination process. Section 122 has never been understood to protect a patentee from public disclosure of the prosecution history of granted patent claims. See P.J. Federico, *Commentary on the New Patent Act*, reprinted in 75 J. Pat. Trademark Off. Soc'y 161, 196-197 (Mar. 1993) (discussing Section 122 and observing that, under settled practice, "[w]hen a patent is issued all the application papers are open to the public").

Plaintiff's suggestion that the public should be satisfied enough with the chance to examine the prosecution history of his patents *other* than the Requirements and his responses thereto, Pl. Br. 32, is impossible to accept. Plaintiff is not entitled to impair

the public's understanding of his claims in that manner. Plaintiff's responses to the Requirements—which may feature explanations of the priority relationships among his applications; arguments concerning the distinctions he perceives among apparently redundant claims; discussions of how particular claims are supported by the specification; and even claim amendments—may constitute a watershed event in the examination of his long-pending applications. The public is entitled to the benefit of that prosecution history when a patent ultimately issues.

As the district court emphasized, “the publications Plaintiff seeks to stop will occur by normal operation of the same disclosure rules that apply to all other inventors.” A14. Plaintiff does not seriously suggest that the PTO lacked the authority to promulgate Rules 1.11 and 1.14. See A13 (noting that plaintiff “finds no argument with these regulations”). Plaintiff is not entitled to demand a special exception to those rules merely because he filed such voluminous and duplicative patent applications that the PTO was forced to enlist his cooperation in reducing the extraordinary multiplicity of his claims and identifying the earliest support for his claims in his disclosures. See A236 (Director's order) (explaining that it was plaintiff's prosecution tactics that made the Requirements necessary).

In his brief in this Court, plaintiff contends for the first time that the PTO's longstanding rules cannot authorize publication of the Requirements because the PTO's rulemaking authority under 35 U.S.C. 2(b) is expressly made “subject to the provisions of section 122.” Pl. Br. 30. Because plaintiff failed to make this argument

in the district court, he is not entitled to raise it now as a ground for reversal. See, *e.g.*, *Gant v. United States*, 417 F.3d 1328, 1332 (Fed. Cir. 2005) (“Arguments not made in the court or tribunal whose order is under review are normally considered waived.”).

In any event, the argument is circular: even if all of the PTO’s rulemaking authority were expressly made subject to “the provisions of section 122,” those “provisions” include the statutory exceptions in Section 122(a).¹⁶ Even under plaintiff’s interpretation, therefore, the PTO has the authority to issue regulations providing for public disclosure of information relating to patent applications when “necessary to carry out the provisions of an Act of Congress” or “in such special circumstances as may be determined by the Director.” 35 U.S.C. 122(a). The PTO rules at issue in this case reflect an exercise of the Director’s authority to identify “special circumstances” under Section 122(a). See 68 Fed. Reg. 38,611, 38,612 (June 30, 2003) (explaining that Rule 1.14 “sets forth the special circumstances (35 U.S.C. 122(a)) under which a member of the public may have information about, copies of, or access to a patent application”); 37 C.F.R. 1.14(a) (stating that information concerning patent applica-

¹⁶ In fact, the proviso that plaintiff highlights appears only in Section 2(b)(2)(C), which relates to the processing of electronic applications. See 35 U.S.C. 2(b)(2)(C) (authorizing the PTO to issue rules to “facilitate and expedite the processing of patent applications, particularly those which can be filed, stored, processed, searched, and retrieved electronically, subject to the provisions of section 122 relating to the confidential status of applications”). It does *not* appear in the PTO’s general grant of rule-making authority under Section 2(b)(2)(A), which authorizes the agency to issue rules to “govern the conduct of proceedings in the Office.”

tions will be made available to the public only “as set forth in § 1.11 or in this section”). Although the current version of these rules was adopted in 2003, the agency has followed the same basic practice since well before the enactment of the 1952 Patent Act. See 1948 MPEP § 2; Federico, 75 J. Pat. Trademark Off. Soc’y at 196-197.

In sum, public access to the PTO’s record of examination of granted patents—and the applications to which they claim priority—is an essential and longstanding corollary to the Director’s duty of examination under 35 U.S.C. 131. Plaintiff is not entitled to demand a special exception from those rules. The Director reasonably concluded that, because the Requirements are necessary for the PTO to conduct an effective examination of plaintiff’s voluminous and overlapping patent applications, it is also necessary to disclose those Requirements to the public in the same manner as all other prosecution history materials, so that the public may understand the boundaries of plaintiff’s claims.

CONCLUSION

For the foregoing reasons, the judgment of the district court should be affirmed.

Respectfully submitted,

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NOVEMBER 2014

CERTIFICATE OF SERVICE

I hereby certify that on November 19, 2014, I electronically filed the foregoing brief with the Clerk of the Court for the United States Court of Appeals for the Federal Circuit by using the appellate CM/ECF system.

The participants in the case are registered CM/ECF users and service will be accomplished by the appellate CM/ECF system.

s/ Mark R. Freeman
MARK R. FREEMAN

CERTIFICATE OF COMPLIANCE

I hereby certify pursuant to Fed. R. App. P. 32(a)(7) that the foregoing brief complies with the requirements of Fed. R. App. P. 32(a)(5) because it has been prepared in 14-point Garamond, a proportionally spaced font.

I further certify that this brief complies with the type-volume limitations of Fed. R. App. P. 32(a)(7)(B) because it contains **12,529 words**, excluding the parts of the brief exempted under Rule 32(a)(7)(B)(iii), according to the count of Microsoft Word.

s/ Mark R. Freeman

MARK R. FREEMAN

Exhibit KK

Exhibit LL

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

GILBERT P. HYATT,

Plaintiff,

v.

JOSEPH MATAL,

Defendant.

Civil Action No. 05-2310 (RCL)

Civil Action No. 09-1864 (RCL)

Civil Action No. 09-1869 (RCL)

Civil Action No. 09-1872 (RCL)

Plaintiff's Motion to De-Designate PTO Documents as Protected

Plaintiff Gilbert P. Hyatt moves the Court to de-designate as "Protected" documents under the parties' Stipulated Protective Order the following document ranges: PTO15-0000001 through PTO15-0004803; PTO15-0023599 through PTO15-0023701; PTO16-0000001 through PTO16-0000155; PTO16-0000177 through PTO16-0000232; PTO16-0000235 through PTO16-0000242; PTO16-0000266 through PTO16-0000305; PTO16-0000334; PTO16-0000336 through PTO16-0000361; PTO16-0000387 through PTO16-0000407; PTO16-0000410 through PTO16-0000592; PTO16-0000594 through PTO16-0000633; PTO16-0000643; PTO16-0000649 through PTO16-0000752; PTO16-0000758 through PTO16-0001207; PTO16-0001277 through PTO16-0001285; PTO16-0001323 through PTO16-0001325; PTO16-0001328 through PTO16-0001584; PTO16-0001601 through PTO16-0001642; PTO16-0001653 through PTO16-0001818; PTO16-0002012 through PTO16-0002510; PTO16-0002557 through PTO16-0002648; PTO16-0002655 through PTO16-0002656; PTO16-0002659 through PTO16-0002680.

The Court should order that the PTO's claim of protection for these documents is improper, and the PTO should be ordered to produce new versions which no longer contain any "Protected" labeling.

The facts and law supporting this Motion are set forth in the accompanying Memorandum of Law, exhibits thereto, and other materials of record in this case. A proposed order granting the requested relief is also attached.

This motion is being publicly filed with redactions, with a version being filed under seal without the redactions. Exhibits 5 and 6 to this motion are also being filed under seal.

I hereby certify that I met and conferred with the counsel for Defendant in good faith to resolve this issue, but the parties were unable to reach any resolution of the matter absent resolution from the Court.

Dated: November 7, 2017

Respectfully submitted,

/s/ Paul M. Levine

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Certificate of Service

I hereby certify that on November 7, 2017, I electronically filed the foregoing Motion, and all supporting materials, with the Clerk of the Court by using the Court's ECF system. All counsel of record were served by the Court's ECF system, with any under sealing findings served on counsel of record via email.

/s/ Paul M. Levine
Paul M. Levine

UNITED STATES DISTRICT COURT
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ECF

[Proposed] Order

Upon consideration of Plaintiff's Motion to De-Designate PTO Documents as Protected, the Memorandum of Law in Support and exhibits, the Response and Reply thereto, and the entire record, it is hereby

ORDERED that Plaintiff's Motion is GRANTED; and it is further

ORDERED that Defendant has improperly designated as "Protected" the following documents it produced: PTO15-0000001 through PTO15-0004803; PTO15-0023599 through PTO15-0023701; PTO16-0000001 through PTO16-0000155; PTO16-0000177 through PTO16-0000232; PTO16-0000235 through PTO16-0000242; PTO16-0000266 through PTO16-0000305; PTO16-0000334; PTO16-0000336 through PTO16-0000361; PTO16-0000387 through PTO16-0000407; PTO16-0000410 through PTO16-0000592; PTO16-0000594 through PTO16-0000633; PTO16-0000643; PTO16-0000649 through PTO16-0000752; PTO16-0000758 through PTO16-0001207; PTO16-0001277 through PTO16-0001285; PTO16-0001323 through PTO16-0001325; PTO16-0001328 through PTO16-0001584; PTO16-0001601 through PTO16-0001642; PTO16-0001653 through PTO16-0001818; PTO16-0002012 through PTO16-0002510; PTO16-0002557 through PTO16-0002648; PTO16-0002655 through PTO16-0002656; PTO16-0002659 through PTO16-0002680; and it is further

ORDERED that Defendant shall re-produce these documents without any
“Protected” or similar labeling within two weeks of the date of this order.

SO ORDERED.

Date: _____, 2017

Royce C. Lamberth
United States District Judge

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

GILBERT P. HYATT,

Plaintiff,

v.

JOSEPH MATAL,

Defendant.

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**Memorandum of Law in Support of Gilbert P. Hyatt’s Motion to De-Designate PTO
Documents as Protected**

The United States Patent and Trademark Office (“PTO”) seeks to maintain the blanket confidentiality protection for documents it produced in discovery, some of which were shown in open Court and introduced into evidence during the prosecution laches trial. Its attempt to do so is wholly improper. Federal agencies, absent a specific exemption, are not entitled to claim confidentiality over their documents—particularly documents that have been produced via discovery in litigation.

But this is what the PTO seeks to do for essentially every document it produced in response to Gilbert P. Hyatt’s document requests, which were bulk-designated without regard to whether they had been previously disclosed publicly. These documents included House bills, communications the PTO had with third parties, court rulings, news articles, and documents introduced into evidence at trial. Only when Mr. Hyatt complained about the PTO’s mass designation of documents under the parties’ Stipulated Protective Order did the PTO make some de-designations, albeit extremely limited ones.

The PTO still persists in designating as “Protected” documents introduced into evidence (such as Patent Application Location Monitoring (“PALM”) records and Steve

Kunin's invoices and contract), all of Mr. Hyatt's PALM records, Mr. Hyatt's payment records to the PTO, emails containing news clippings, petition decisions regarding Mr. Hyatt's patent applications that have already been publicly released, and emails regarding Mr. Hyatt's patent applications. Beyond the PTO's inability to claim confidentiality over these documents generally, the PTO's specific claims to confidentiality are specious. If anyone is entitled to claim protection for these documents, it is Mr. Hyatt, not the PTO.

The PTO, the party that has the burden to justify that its documents are entitled to protection, cannot do so. Therefore, this Court should order that the PTO's claim of protection is improper, and should order the PTO to produce new versions which no longer contain any "Protected" labeling.

Factual and Procedural Background

The PTO produced email correspondence, PALM records, financial records regarding Mr. Hyatt's payments, congressional bills, communications with Congress, documents produced in response to Freedom of Information Act ("FOIA") requests, granted patents, and other documents responsive to Mr. Hyatt's requests for production of documents in addition to the administrative file histories for Mr. Hyatt's patent applications. The PTO bulk-designated all of these additional documents (other than the administrative file histories), produced with Bates-numbers prefixed "PTO15" or "PTO16," as protected under the Protective Order (with extremely limited exceptions).¹

When Mr. Hyatt challenged the PTO on its overly broad confidentiality designations, the PTO refused to de-designate these records because "[t]hese productions

¹ The PTO16 documents largely consist of the PTO email correspondence regarding Mr. Hyatt's patent applications, while the PTO15 documents largely consist of the remaining materials identified above.

primarily reflect internal documents and communications of the USPTO, which are not generally available to the public.” Ex. 1 (Sep. 7, 2017 email from Philip Warrick to Paul Levine). In response, Mr. Hyatt informed the PTO that it designated as protected congressional bills, materials produced under the Freedom of Information Act regarding the Sensitive Application Warning System (“SAWS”) program, other communications with Congress and third parties outside of the PTO, and even published patent applications. Mr. Hyatt also explained that the PTO, as a government agency, has no right to claim confidentiality over its internal communication absent some applicable privilege, such as a deliberative process privilege. Ex. 1 (Sep. 7, 2017 email from Paul Levine to Philip Warrick).

The PTO later admitted it had over-designated documents as confidential and promised to review its productions to identify which documents should not have been designated protected, but indicated its “review would take some time,” and that the issue could be mooted by the upcoming trial where it acknowledged its materials could be publicly disclosed. Ex. 1 (Sep. 8, 2017 email from Philip Warrick to Paul Levine). In follow-up communications after trial, Mr. Hyatt again sought to have the PTO de-designate the PTO15 and PTO16 productions. Mr. Hyatt explained that most of the PTO15 documents were already released publicly or concern Mr. Hyatt’s patent applications and should not have been protected (except, of course, for any protections Mr. Hyatt wishes to ascribe to these materials). Mr. Hyatt also identified a number of PTO16 documents that were used in open Court during his Opening Statement (without objection) that no longer were entitled to protection under the Protective Order; the remaining PTO16 documents “constitute[d] agency records that, but for any protections afforded to Mr. Hyatt, would otherwise be

publicly discloseable” and were, therefore, not entitled to protection under the Protective Order.² Ex. 2.

The PTO subsequently provided its list of documents that should not be designated as protected, which de-designated a subset of the PTO15 and PTO16 documents comprising about a total of 40 different documents and sets (such as Mr. Hyatt’s granted patents). Although Mr. Hyatt had identified documents shown in open Court, the PTO refused to concede that protection had been waived: “[w]e disagree that the USPTO has waived any protections regarding these documents” other than those contained on its list. Ex. 3.

The parties then met and conferred (pursuant to paragraph 16 of the Protective Order), but could reach no further resolution to the dispute for the following ranges of documents: PTO15-0000001 through PTO15-0004803; PTO15-0023599 through PTO15-0023701; PTO16-0000001 through PTO16-0000155; PTO16-0000177 through PTO16-0000232; PTO16-0000235 through PTO16-0000242; PTO16-0000266 through PTO16-0000305; PTO16-0000334; PTO16-0000336 through PTO16-0000361; PTO16-0000387 through PTO16-0000407; PTO16-0000410 through PTO16-0000592; PTO16-0000594 through PTO16-0000633; PTO16-0000643; PTO16-0000649 through PTO16-0000752; PTO16-0000758 through PTO16-0001207; PTO16-0001277 through PTO16-0001285; PTO16-0001323 through PTO16-0001325; PTO16-0001328 through PTO16-0001584; PTO16-0001601 through PTO16-0001642; PTO16-0001653 through PTO16-0001818;

² In fact, Mr. Hyatt’s counsel communicated with counsel for the PTO about whether it wished to seek confidentiality protection for the materials that Mr. Hyatt displayed in open court in his opening statement, but the PTO’s position at that time was that it wanted all court proceedings without exception to be on the public record. PTO counsel made similar statements in the context of portions of the 700 family specification that Mr. Hyatt had treated as a trade secret and wished to obtain protection for at trial. *See* Trial Tr. 68:25–71:25 (Oct. 10, 2017 A.M. Session) (“The proceedings are too important.”).

PTO16-0002012 through PTO16-0002510; PTO16-0002557 through PTO16-0002648; PTO16-0002655 through PTO16-0002656; PTO16-0002659 through PTO16-0002680. *See* Ex. 3.

Argument

Federal government agencies who claim confidentiality over their records should receive added scrutiny absent an express basis for doing so. Federal records are presumed subject to public disclosure absent a specific exemption prohibiting it. *E.g.*, *Dep't of State v. Ray*, 502 U.S. 164, 173 (1991) (explaining FOIA “pierce[s] the veil of administrative secrecy and...open[s] agency action to the light of public scrutiny.”) (citation omitted); *see also Burka v. HHS*, 87 F.3d 508, 515 (D.C. Cir. 1996) (“[R]equested material must be disclosed unless it falls squarely within one of nine exemptions carved out of the Act.”) (citations omitted). More importantly, the confidentiality protection that is available for public documents must be considered in light of FOIA because a document that Mr. Hyatt could obtain through FOIA cannot be “confidential” under the parties’ protective order. In that regard, FOIA specifically exempts from production documents not available to parties in discovery: “inter-agency or intra-agency memorandums or letters that would not be available by law to a party other than an agency in litigation with the agency” are exempted from disclosure. 5 U.S.C. § 552(b)(5) (FOIA Exemption 5). “As indicated by its language, the parameters of Exemption 5 are determined by reference to the protections available to litigants in civil discovery; if material is not ‘available’ in discovery, it may be withheld from FOIA requesters.” *Burka*, 87 F.3d at 516 (refusing agency request to withhold materials based upon Rule 26(c)(7)); *accord Hall v. C.I.A.*, 881 F. Supp. 2d 38, 67 (D.D.C. 2012).

Simply put, the fact that the PTO produced the documents in discovery in this matter demonstrates that they are not subject to any exemptions under FOIA.³ The only basis the PTO has for designating any documents as “Protected” is the PTO’s statutory obligations to protect applicant information. 35 U.S.C. § 122. To the extent that protection is afforded to Mr. Hyatt, it is he—not the PTO—that is entitled to determine the scope of the protection. And because the documents disclosed by the PTO in this litigation would be produceable in response to a FOIA request, none of those documents are entitled to any protection.

But even if the PTO could protect its documents under the Stipulated Protective Order, they have done so here in an impermissible mass-designation—which it largely persists in doing even after being requested to revisit its designations. “Parties frequently abuse Rule 26(c) by seeking protective orders for material not covered by the rule.” *In re Violation of Rule 28(D)*, 635 F.3d 1352, 1358 (Fed. Cir. 2011); *see also Jepson, Inc. v. Makita Elec. Works, Ltd.*, 30 F.3d 854, 860 (7th Cir. 1994) (explaining that use of confidentiality designations to protect non-confidential information was improper); *John Does I-VI v. Yogi*, 110 F.R.D. 629, 632–34 (D.D.C. 1986) (requiring party to demonstrate justification for confidentiality designations); *Manual for Complex Litigation* § 11.432 n.134 (4th ed. 2004) (“The designation of a document as confidential should be viewed as equivalent to a motion for a protective order and subject to the sanctions of Federal Rule of Civil Procedure 37(a)(4), as provided by Rule 26(c).”). As one court explained,

Simply, when parties agree to a blanket protective order, do not show—*specifically*—that the documents subject to the protective order will contain sensitive information whose disclosure will cause harm, and retain the right to

³ The PTO, when it believed it was appropriate to do so, asserted its applicable privileges (including the deliberative process privilege) to restrict Mr. Hyatt’s ability to take discovery. *See* Ex. 7 (PTO Document Responses claiming deliberative process privilege); PTX-18 & Ex. 9 (PTO Interrogatory Responses claiming deliberative process privilege).

decide which of these documents they will exclude from discovery, then they abuse Rule 26(c) by converting to their own use the inherent discretion that belongs to the Court. This scenario describes what the parties have done here.

Maxchief Investments Ltd. v. Plastic Dev. Grp., LLC, No. 3:16-CV-63, 2017 WL 710956, at *4 (E.D. Tenn. Feb. 22, 2017) (citation omitted).

The parties' Stipulated Protective Order (*e.g.*, ECF No. 31 in 09-cv-01869) provides, in pertinent part, that protected materials consists of information that

is not generally known to others or readily available to the public and which the Producing Party or the Receiving Party (i) would not normally reveal to third parties except in confidence or has undertaken with others to maintain in confidence; or (ii) believes in good faith is protected by a right to confidentiality or privacy under federal or state law or any other applicable privilege, right, or law related to confidentiality or privacy.

Protective Order ¶ 1. After being alerted to a challenge to a document designated as "Protected" and an attempt to resolve the matter informally, the party claiming protection "shall bear the burden of establishing good cause for the 'Protected' designation" in any court challenge. *Id.* ¶ 17. Information does not qualify for protection if it becomes available to the general public after its production. *Id.* ¶ 7(a).

A. PTO Documents Referenced in Open Court

Mr. Hyatt introduced into evidence PTX-85, 87, and 88, the PALM database records for the 08/431,639, 08/457,211, and 08/472,062 patent applications. These documents correspond to PTO15-0001331–37, PTO15-0002237–45, and PTO15-0004606–14, all of which the PTO contends are still entitled to protected status despite their use in open Court and admission into evidence during trial.⁴

⁴ Documents previously provided to the Court as exhibits in the prosecution laches trial, whether introduced into evidence or not, are also referenced herein by their exhibit number in that trial. However, those documents can be provided to the Court if so requested.

The PTO repeated the same practice with the PTO16 documents, refusing to concede that documents already shown in Court are no longer entitled to protection. PTO16-0000182 (PTX-615), 0000348 (PTX-272), 0000740 (PTX-115), 0000765 (PTX-119), 0000837 (PTX-124), 0001126 (PTX-131), 0001325 (PTX-133), and 0001562 (PTX-140) were all shown during Mr. Hyatt's Opening Statement without objection from the PTO. Ex. 4 (Hyatt Opening Statement PowerPoint). The PTO also considers documents introduced into evidence, such as the invoices of the PTO's expert, Mr. Kunin, as still worthy of confidentiality protection (even though they were never entitled to such protection). PTO16-0001558–59 (PTX-139), 0002557–59 (PTX-152). And another document introduced into evidence, Mr. Kunin's contract with the PTO, is a Federal government contract that is available via FOIA request and whose information is readily available on the internet. PTO16-0001543–57 (PTX-138); see <http://tinyurl.com/yaez4dly>; <http://tinyurl.com/y6wuvlwn> (detailing that Mr. Kunin's law firm has received \$227,000 in contract awards from the Department of Commerce). The PTO continues to assert protection even over documents it has designated as exhibits, like its "Continuity Map" shown in open Court (DX-255, located at PTO16-0002917–20) and prior iterations thereof (e.g., PTO16-0000177 & PTO16-0001375–84).

Simply put, the PTO's claim of protection as to these documents is frivolous. See *Cobell v. Norton*, 213 F.R.D. 16, 24 (D.D.C. 2003) (determining conversations no longer privileged when recited in open court).

B. PALM Documentation

Beyond the specific PALM documents introduced into evidence, the PTO contends the entirety of Mr. Hyatt's PALM records, located at PTO15-0000003–4803 (PTX-084) and

PTO15-0023602–731 (PTX-098), are subject to confidentiality protection. They are not. These records contain nothing more than a description of the individual filings made in Mr. Hyatt’s patent applications, certain key status changes reflecting major events in a patent application, assignment of the Group Art Unit, location information, and a listing of examiners assigned to any application. *See* Trial Tr. 6:10–8:25 (Oct. 10, 2017 A.M. Session) (describing features of PALM records). The PTO is not entitled to designate these PALM records, in full, as protected—if anything, only Mr. Hyatt is entitled to protection for these records because the records pertain to his patent applications.

The same is true for PTO15-0000001 (PTX-082) and PTO15-0023599 (attached under seal as Exhibit 5), which are spreadsheets relating to PALM entries made by the PTO. PTO15-0000001 (PTX-082) tracks the PTO employees involved with Mr. Hyatt’s patent applications and was produced by the PTO in response to Hyatt Interrogatory No. 1. *See* Ex. 9 at Response 1. PTO15-0023599 tracks alterations made by the PTO to the PALM records and was produced by the PTO in response to Hyatt Interrogatory No. 6. *See* Ex. 9 at Response 6.⁵ The assignment of certain employees and/or art units to Mr. Hyatt’s applications and the PTO’s changes to Mr. Hyatt’s PALM records do not contain any confidential material beyond the protections the PTO affords to Mr. Hyatt.

In short, these PALM records simply record the actions of the PTO in handling Mr. Hyatt’s patent applications. For this reason, the PTO has previously produced PALM information in response to a FOIA request. *See Huntington v. U.S. Dep’t of Commerce*, 234 F. Supp. 3d 94, 102 (D.D.C. 2017) (producing documents from PALM system regarding

⁵ Ex. 9 is the PTO’s Responses to Mr. Hyatt’s Interrogatories Nos. 1–7 and was admitted into evidence.

applications generally). The PTO's claim of confidentiality as to these materials is inappropriate and legally indefensible.

C. Official Gazette, "Submarine Detector," Hyatt Payment Documents, and Other Non-Email Records

The remaining documents in the PTO15 series do not qualify for protection under the Protective Order, as well:

- PTO15-00014462–68 (PTX-266): These documents address the withdrawal from issue of two of Mr. Hyatt's patent applications. All but two pages were already published in the PTO's *Official Gazette*; the remaining two pages consist of [REDACTED] but containing no other material worthy of protection.
- PTO15-0014469–70 (PTX-095): This document is a two-page screenshot of the PTO's "Submarine Detector" website. There is nothing on the face of this document that appears to consist of any protected material.
- PTO15-0023600 (PTX-269), PTO15-0023732–953 (received in evidence as PTX-099), and PTO15-0023601 (attached under seal as Exhibit 6): These documents are spreadsheets tracking Mr. Hyatt's payments to the PTO, including debits and credits from his PTO depository account. Mr. Hyatt has already introduced PTX-099 into evidence. Only Mr. Hyatt, and not the PTO, is entitled to protect his fee payments to the PTO from further public dissemination. Indeed, Mr. Hyatt may even be entitled to production of these documents pursuant to the Privacy Act. 5 U.S.C. § 552a; 71 Fed. Reg. 38387–88 (July 6, 2006) (explaining that PTO Deposit Account Systems constitute a system of records for Privacy Act purposes).

As to the remaining documents (other than emails) Bates-stamped PTO16, the PTO appears to have made almost no effort to justify why any particular document is entitled to protection. Even a cursory review of the PTO's production demonstrates that the PTO is still asserting protection improperly over these documents. For example, the PTO claims protection over things such as a GATT/NAFTA Student's Handbook publication from the U.S. Department of Commerce (PTO16-0000001–84, available at DX-235, PTX-270.00001–84); multiple PTO Requests for Records Disposition Authority under NARA (PTO16-0000942–1125, available at PTX-273, PTX-274, PTX-275, PTX-276, PTX-277, and

PTX-278);⁶ blank PTO performance appraisal materials for its examiners (*e.g.*, PTO16-0001693–1818, 0002012–2510, available at PTX-270.01702–1827 and PTX-270.02021–2519); and a petition decision from the PTO which (except for the application number) has already been publicly disclosed by the PTO (*compare* PTO16-0000923–39, available at PTX-270.00932–48, *with* <http://tinyurl.com/y9js7tyz>).

D. PTO Emails

The PTO’s claims of protection for emails fares no better. The PTO is simply not permitted to claim protection for documents because they are emails; emails constitute agency records subject to FOIA, so they are public records not entitled to protection if discloseable in discovery. *See Competitive Enter. Institute v. Office of Science & Tech. Policy*, 827 F.3d 145 (D.C. Cir. 2016) (holding that agency emails located in private account of agency head are subject to production under FOIA).

The PTO’s specific claims to protection for its emails under the Protective Order shows those claims are specious. The PTO asserts protection for general emails with publicly available information, including emails containing news clips mentioning the PTO (PTO16-0000410–14, 0000478–79, available at PTX-270.00410–14, 00478–79); an email containing [REDACTED] (PTO16-0000421–22, available at PTX-270.00421–22); [REDACTED] (PTO16-0001663, available at PTX-270.01672)⁷; and, emails regarding its [REDACTED]

⁶ According to the PTO’s Rule 30(b)(6) designee, all of these Requests for Records Disposition Authority are already public. Ex. 8, PTO 30(b)(6) Dep. Tr. at 65–70 (Aug. 21, 2017).

⁷ The PTO still contends this “link” is confidential even though it removed the “Protected” designation from the article after receiving a letter from Mr. Hyatt objecting to the PTO’s

██████████ (e.g., PTO16-0001664–92, available at PTX-270.01664–92), an initiative which is already publicly known (see <http://tinyurl.com/ybf2wjbd>). The PTO has not identified any protection to which these emails are entitled.

The PTO also continues to assert protection over materials regarding Gilbert Hyatt, many of which are already publicly known. These include emails from the PTO ██████████

██████████ (e.g., PTO16-0000744, available at PTX-116); an email ██████████

██████████ (PTO16-0000747, available at PTX-270.00747); an email circulating ██████████

██████████ (PTO16-0000626–27, available at PTX-636); and, emails ██████████

██████████ (e.g., PTO16-0001568, available at PTX-270.01577). The PTO has further designated as protected emails

██████████ (PTO16-0000202–3, available at PTX-270.00202–s3); emails regarding ██████████

██████████ (e.g., PTO16-0000584, 0000759, 0000940–41, available at PTX-270.00584, PTX-270.00759, and PTX-270.00949–50), ██████████; and, an email ██████████

██████████ (PTO16-0000828, available at PTX-270.00828).

These examples are by no means exclusive, but reflect the PTO’s bulk designation of materials under the Protective Order without any apparent regard for whether that material is actually worthy of protection, either under the Protective Order or under FOIA. The PTO

designations. See Ex. 2 (de-designating PTO16-0000156–63, available at <http://tinyurl.com/ybs44a95>).

was supposed to review the documents carefully and only assert supported designations prior to production, and the PTO was certainly required to do the same after Mr. Hyatt challenged its overly broad designation of materials. Instead of doing so, the PTO largely persisted with its bulk-designation tactics and essentially shifted the burden to Mr. Hyatt to demonstrate (via the instant motion) why the remainder were designated improperly. None of these documents are entitled to protection—the PTO, as a Federal agency, must open its “action[s] to the light of public scrutiny.” *Ray*, 502 U.S. at 173.

Conclusion

For the foregoing reasons, Mr. Hyatt's Motion should be granted, this Court should order that the PTO's claim of protection is improper, and should order the PTO to produce new versions which have no longer contain any "Protected" labeling.

Dated: November 7, 2017

Respectfully submitted,

/s/ Paul M. Levine

Paul M. Levine (D.C. Bar No. 999320)

Andrew M. Grossman (D.C. Bar No.
985166)

Mark W. DeLaquil (D.C. Bar No. 493545)

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agrossman@bakerlaw.com

Attorneys for Plaintiff Gilbert P. Hyatt

Exhibit 1

From: Warrick, Philip <Philip.Warrick@USPTO.GOV>
Sent: Thursday, September 7, 2017 3:17 PM
To: Levine, Paul M.
Cc: Stewart, Coke; McBride, Robert; Grossman, Andrew M; DeLaquil, Mark
Subject: RE: Hyatt v. Matal

Paul,

To clarify my previous email, we agree to re-designate any communications with third parties or otherwise publicly available documents, as these types of documents do not require “Protected” status under the protective orders. Although fact discovery has been closed for nearly two weeks, and while this issue could have been raised much earlier in the litigation, we would agree to review our PTO15 and PTO16 productions to identify and re-designate any such documents, including the SAWS materials previously released pursuant to a FOIA request (PTO15-0004804 through PTO150008916). This review will take some time, of course, particularly in view of the pretrial statements due tomorrow. If there are particular documents you believe to have been designated improperly, bringing such documents to our attention would expedite the process.

Regarding internal USPTO documents and communications produced in PTO16, for example, the parties agreed to the language defining “Protected” materials in the stipulated protective orders governing these cases, and we have relied on that protection in producing documents in this litigation. Contrary to your email, we have not determined that these materials could or should be produced to the public pursuant to a FOIA request, particularly because many of these documents relate to patent applications subject to the confidentiality requirements of Section 122. The fact that we have made these documents concerning Mr. Hyatt’s patent applications available to Mr. Hyatt himself subject to the protections of a court order does not imply that we would provide them to other members of the public. Indeed, Mr. Hyatt has argued for broad confidentiality protection for any materials related to his unpublished patent applications.

Again, to the extent you wish to use any “Protected” materials at trial, we understand the Court to have resolved that issue. If you disagree, please let us know.

Regards,
Phil

From: Levine, Paul M. [mailto:pmlevine@bakerlaw.com]
Sent: Thursday, September 07, 2017 12:42 PM
To: Warrick, Philip
Cc: Stewart, Coke ; McBride, Robert ; Grossman, Andrew M ; DeLaquil, Mark
Subject: RE: Hyatt v. Matal

Phil-

Those were but a few examples. Also contained in the PTO15 series are Congressional bills, other communications with Congress, SAWS materials (which note in the production that they were released in June 2016, presumably pursuant to a FOIA request), and patents granted – all of which are available to the public. Claiming indiscriminately protection under the Protective Order for these materials is improper. And making us identify that these materials are not covered by the Protective Order is shifting the burden to us improperly.

As for the PTO16 series, the PTO (as a Government agency) has no right to claim confidentiality. In addition, you have produced each and every document to us without claiming deliberative process or any other privileges over them. The PTO thus has determined that these materials (except for protection to Hyatt as an individual, which is inapplicable in these litigation) could be produced pursuant to a FOIA request. There is no reason that the PTO should be entitled to protect such materials as confidential business processes in these circumstances.

Please let us know when you can discuss today.

Thanks,

Paul

From: Warrick, Philip [<mailto:Philip.Warrick@USPTO.GOV>]

Sent: Thursday, September 7, 2017 12:29 PM

To: Levine, Paul M. <pmlevine@bakerlaw.com>

Cc: Stewart, Coke <Coke.Stewart@uspto.gov>; McBride, Robert <Robert.McBride@USPTO.GOV>; Grossman, Andrew M <agrossman@bakerlaw.com>; DeLaquil, Mark <mdelaquil@bakerlaw.com>

Subject: RE: Hyatt v. Matal

Paul,

We agree that any documents constituting communications with third parties need not be designated as protected, including the two documents identified in your email. If you have identified other such documents, please let us know.

We do not agree, however, that the entirety of our PTO15 and PTO16 productions were improperly designated. These productions primarily reflect internal documents and communications of the USPTO, which are not generally available to the public, and which we generally maintain in confidence. According to the stipulated protective orders in these cases, "Protected" Material includes, among other things, "documents or things the Producing Party or Receiving Party believes in good faith is not generally known to others or readily available to the public and which the Producing Party or Receiving Party (i) would not normally reveal to third parties except in confidence or has undertaken with others to maintain in confidence." *E.g.*, Case No. 05-2310, ECF No. 40, ¶ 1. Should you disagree that this definition applies to specific documents within our production, please identify them so that we may consider your position.

We do agree that Mr. Hyatt may reference these documents – including those designated as "Protected" – in his communications with the USPTO. Furthermore, regardless of how any documents have been designated under the protective orders, Judge Lamberth already has ordered that the "trials in these cases will not be sealed," and that we "should expect evidence, hearings, and proposed findings of fact and conclusions of law to be available to the public." *E.g.*, Case No. 09-1864, ECF No. 132. As such, we understand that a "Protected" designation does not preclude the use of either party's documents at the trial, which will be open to the public.

Regards,
Phil

From: Levine, Paul M. [<mailto:pmlevine@bakerlaw.com>]

Sent: Wednesday, September 06, 2017 10:38 AM

To: Warrick, Philip <Philip.Warrick@USPTO.GOV>

Cc: Stewart, Coke <Coke.Stewart@uspto.gov>; McBride, Robert <Robert.McBride@USPTO.GOV>; Grossman, Andrew M <agrossman@bakerlaw.com>; DeLaquil, Mark <mdelaquil@bakerlaw.com>

Subject: RE: Hyatt v. Matal

Phil-

With respect to Mr. Hyatt's patent application files, that constitutes Mr. Hyatt's information. We can use the information in Mr. Hyatt's file histories as we see fit – it is the PTO who has to protect that information from disclosure.

Instead, we are specifically discussing the emails and other documents (beyond the patent application file histories) that the PTO produced in this case. Those materials were blanket designated by the PTO as protected without regards to whether they actually contain protected information. For example, the PTO designated as protected information materials it released to Congress (PTO15-0014802) and information it released to third parties (PTO15-0014804). The PTO has previously improperly redacted documents, such as PTO16-00000832, 834, and 837. These are just examples and not meant to be exclusive.

We are challenging every document outside the patent file histories, which should be the entirety of the PTO15 and PTO16 productions (except for Mr. Hyatt's payment information, which, again, is his information). The Confidentiality Order makes it incumbent upon the PTO to justify the basis for any designated document. It does not require Mr. Hyatt to demonstrate the basis for any challenge. There should be no debate that Mr. Hyatt can use these materials at the PTO, but the PTO is also not allowed to protect this information from further disclosure. Please advise when you are available to meet and confer to discuss further if you do not agree.

Paul

Paul Levine
Partner

BakerHostetler

Washington Square
1050 Connecticut Ave, N.W. | Suite 1100
Washington, DC 20036-5304
T +1.202.861.1606

pmlevine@bakerlaw.com
bakerlaw.com



From: Warrick, Philip [<mailto:Philip.Warrick@USPTO.GOV>]

Sent: Wednesday, September 6, 2017 10:17 AM

To: Levine, Paul M. <pmlevine@bakerlaw.com>

Cc: Stewart, Coke <Coke.Stewart@uspto.gov>; McBride, Robert <Robert.McBride@USPTO.GOV>; Grossman, Andrew M <agrossman@bakerlaw.com>; DeLaquil, Mark <mdelaquil@bakerlaw.com>

Subject: RE: Hyatt v. Matal

Paul,

Regarding your first request, the USPTO would agree to de-designate the entirety of the administrative records for Mr. Hyatt's patent applications if this would address his concerns. Please confirm.

Regarding your second request, it is difficult to respond without knowing which particular documents are at issue. Please identify the specific documents that you believe should be de-designated, and we will consider your request.

Regards,
Phil

From: Levine, Paul M. [<mailto:pmlevine@bakerlaw.com>]
Sent: Tuesday, September 05, 2017 6:10 PM
To: Warrick, Philip <Philip.Warrick@USPTO.GOV>
Cc: Stewart, Coke <Coke.Stewart@uspto.gov>; McBride, Robert <Robert.McBride@USPTO.GOV>; Grossman, Andrew M <agrossman@bakerlaw.com>; DeLaquil, Mark <mdelaquil@bakerlaw.com>
Subject: Hyatt v. Matal

Phil-

I am writing regarding the PTO's designation of nearly its entire record as "Protected." We believe that, notwithstanding these designations, that Mr. Hyatt can reference these documents in his communications with the PTO regarding the still pending issues in dispute. Please advise if the PTO disagrees.

In addition, we also believe that many of the designations, particularly (but not just those) relating to the email correspondence produced by the PTO were designated in an overly broad way. These materials, to the extent they do not reference applicants other than Mr. Hyatt (many of whom were already redacted), should not be labeled as Protected. Again, please advise if the PTO disagrees.

Let us know by close of business tomorrow so that we can discuss these issues and raise with the Court, if need be.

Paul

Paul Levine
Partner

BakerHostetler

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Exhibit 2

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direct dial: 202.861.1606
pmlevine@bakerlaw.com

October 18, 2017

VIA E-MAIL

Philip Warrick
U.S. Patent and Trademark Office
Office of the Solicitor
600 Dulany Street
Alexandria, VA 22314

Re: Hyatt v. Matal

Dear Counsel:

We write to address the PTO's overly-broad designations of material covered under the Protective Order. These materials largely concern Mr. Hyatt's patent applications and he should be entitled to use them freely, for any purposes he chooses to do so.

We believe that almost none of the documents produced with the Bates-number prefix "PTO15" are entitled to protection under the Protective Order. Many of the documents are obviously not entitled to protection, as you have previously indicated. *See* PTO15-004804 to 0014468; PTO15-0014471 to 14815. The remaining "PTO15" documents concern Mr. Hyatt's patent applications; any protections contained in those documents apply to Mr. Hyatt's patent applications and not any confidential PTO materials. *See* PTO15-0000001, 0000003-0004803, 14469, 23599, 23600-23731. Mr. Hyatt is therefore entitled to use these materials freely.

Mr. Hyatt should also be entitled to use the materials produced with the Bates-number prefix "PTO16" PTO16-0000182, 0000348, 0000740, 0000765, 0000837, 0001126, 0001325, and 0001562 were already used in open court during Mr. Hyatt's Opening Statement (without objection), so that any protection that may have existed has been waived and Mr. Hyatt is entitled to use these materials freely. As to the remaining productions Bates-numbered PTO16, we have previously raised these issues with the PTO before: those documents constitute agency records that, but for any protections afforded to Mr. Hyatt, would otherwise be publicly discloseable.

October 18, 2017

Page 2

The PTO has already confirmed that Mr. Hyatt can use these materials in other proceedings involving the PTO, and Mr. Hyatt is willing to redact these materials to protect any confidential materials pertaining to other applicants. However, please advise your position on which documents no longer are entitled to protection under the Protective Order, as detailed above. More importantly, please advise as to your position regarding whether the PTO intends to blanket designate the remaining documents as protected. Let us know no later than October 19, 2017 so that we can file the appropriate motion with the Court to resolve this issue, if you do not agree.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul M. Levine", with a stylized flourish at the end.

Paul M. Levine

Exhibit 3

From: Warrick, Philip <Philip.Warrick@USPTO.GOV>
Sent: Tuesday, October 24, 2017 2:06 PM
To: Levine, Paul M.
Cc: McBride, Robert; Stewart, Coke; DeLaquil, Mark; Grossman, Andrew M; Dang, Mai-Trang; McManus, Robert
Subject: RE: Hyatt v. Matal

Paul,

I'm available anytime between 2:30 and 4:30 tomorrow afternoon. As previously agreed, we have reviewed the PTO15 and PTO16 productions and will de-designate and re-produce documents within the bates ranges identified below by early next week. Any other documents marked as "Protected" in the PTO15 or PTO16 productions, however, remain entitled to this designation pursuant to the Protective Orders as previously discussed. We disagree that the USPTO has waived any protections regarding these documents.

Regards,
 Phil

| Bates Range | Description |
|-----------------------|--|
| PTO15-0004804 - 8916 | Collection of Documents Related to SAWS |
| PTO15-0008917 - 14461 | 75 Issued US Patents |
| PTO15-0014471 - 14801 | H.R. 3309 Committee Hearing |
| PTO15-0014802 | Dana Colarulli Email |
| PTO15-0014803 | Dana Colarulli Email |
| PTO15-0014804 | Gregory Morse Email |
| PTO15-0014805 - 14815 | H.R. 6621 |
| PTO16-0000156 - 163 | The Surprising Story of the First Microprocessors |
| PTO16-0000164 - 165 | Dennis Crouch Article |
| PTO16-0000166 - 170 | Hal Wegner Commentary |
| PTO16-0000171 - 173 | Dennis Crouch Article |
| PTO16-0000174 | Dennis Crouch Article |
| PTO16-0000175 - 176 | Dennis Crouch Article |
| PTO16-0000233 - 234 | Dennis Crouch Email |
| PTO16-0000243 - 265 | HeinOnline Download |
| PTO16-0000306 - 333 | Memo Opinion in Case No. 03-108 (D.D.C.) |
| PTO16-0000335 | Order in Case No. 03-901 (D.D.C.) |
| PTO16-0000362 - 364 | AIPLA Email to David Kappos |
| PTO16-0000365 - 382 | Politico Email to David Kappos |
| PTO16-0000383 - 386 | AIPLA Email to David Kappos |
| PTO16-0000408 - 409 | Dennis Crouch Article |
| PTO16-0000593 | Tale of Two Patent Applications Shows How USPTO Changing |
| PTO16-0000634 - 639 | IP Law360 Email to David Kappos |
| PTO16-0000640 - 642 | Dennis Crouch Email |

| | |
|----------------------|--|
| PTO16-0000644 - 648 | IP Law360 Email to David Kappos |
| PTO16-0000753 - 757 | AIPLA Email to David Kappos |
| PTO16-0001208 - 1276 | Changes to Implement the Patent Business Goals |
| PTO16-0001286 - 1297 | H.R. 6621 |
| PTO16-0001298 - 1322 | Questions for the Record for David J. Kappos |
| PTO16-0001326 - 1327 | Hal Wegner Commentary |
| PTO16-0001585 - 1600 | Memo Opinion in Case No. 1:13-cv-1535 (E.D. Va.) |
| PTO16-0001643 - 1650 | Motion Filed in Case No. 2:14-cv-11 (D. Nev.) |
| PTO16-0001651 - 1652 | Order in Case No. 2:14-cv-11 (D. Nev.) |
| PTO16-0001819 - 2011 | Patent Examiner Performance Appraisal Plan |
| PTO16-0002511 - 2522 | Agency Administrative Order 205-16 |
| PTO16-0002523 - 2538 | Records Management |
| PTO16-0002539 - 2545 | Removal of Records and Other Documents |
| PTO16-0002546 - 2556 | Managing Electronic Records |
| PTO16-0002649 - 2654 | Westlaw Printout |
| PTO16-0002657 - 2658 | Stephen Kunin Email |

From: Levine, Paul M. [mailto:pmlevine@bakerlaw.com]

Sent: Tuesday, October 24, 2017 1:28 PM

To: Warrick, Philip

Cc: McBride, Robert ; Stewart, Coke ; DeLaquil, Mark ; Grossman, Andrew M ; Dang, Mai-Trang ; McManus, Robert

Subject: RE: Hyatt v. Matal

Phil-

I am following up on the below. Can we speak tomorrow afternoon?

Paul

From: Levine, Paul M.

Sent: Thursday, October 19, 2017 11:31 AM

To: Warrick, Philip

Cc: McBride, Robert; Stewart, Coke; DeLaquil, Mark; Grossman, Andrew M; Dang, Mai-Trang; McManus, Robert

Subject: RE: Hyatt v. Matal

Phil-

We intend to have this issue resolved by the Court if the parties cannot agree. We have extensively discussed this matter before, so further discussion is unlikely to lead to an amicable resolution.

However, we can discuss on Monday next week. Enjoy your time off.

Paul

From: Warrick, Philip [mailto:Philip.Warrick@USPTO.GOV]

Sent: Wednesday, October 18, 2017 4:41 PM

To: Levine, Paul M. <pmlevine@bakerlaw.com>

Cc: McBride, Robert <Robert.McBride@USPTO.GOV>; Stewart, Coke <Coke.Stewart@uspto.gov>; DeLaquil, Mark <mdelaquil@bakerlaw.com>; Grossman, Andrew M <agrossman@bakerlaw.com>; Dang, Mai-Trang <Mai-Trang.Dang@USPTO.GOV>; McManus, Robert <Robert.McManus@uspto.gov>
Subject: RE: Hyatt v. Matal

Paul,

I don't believe our position on this issue has changed, but I will respond in more detail next week, including confirmation of which particular documents we may de-designate under the protective orders pursuant to our earlier discussions. I am not aware of any circumstances justifying your demand for an immediate response, and I am out of the office for the remainder of the week.

Regards,
Phil

From: Levine, Paul M. [<mailto:pmlevine@bakerlaw.com>]

Sent: Wednesday, October 18, 2017 2:12 PM

To: Warrick, Philip <Philip.Warrick@USPTO.GOV>

Cc: McBride, Robert <Robert.McBride@USPTO.GOV>; Stewart, Coke <Coke.Stewart@uspto.gov>; DeLaquil, Mark <mdelaquil@bakerlaw.com>; Grossman, Andrew M <agrossman@bakerlaw.com>

Subject: Hyatt v. Matal

Phil-

Please see the attached letter.

Paul

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Exhibit 4

Exhibit 7

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

GILBERT P. HYATT,
Plaintiff,

v.

JOSEPH MATAL,
Defendant.

Civil Action No. 1:09-cv-1864 (RCL)
Civil Action No. 1:09-cv-1869 (RCL)
Civil Action No. 1:09-cv-1872 (RCL)
Civil Action No. 1:05-cv-2310 (RCL)

**DEFENDANT’S FIRST SUPPLEMENTAL OBJECTIONS AND RESPONSES TO
PLAINTIFF’S FIRST SET OF REQUESTS FOR PRODUCTION (Nos. 1-26)**

Pursuant to Federal Rule of Civil Procedure 34, Defendant, Joseph Matal,¹ performing the functions and duties of the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office (“USPTO” or “Defendant”), by and through undersigned counsel, hereby responds to Plaintiff’s First Set of Requests for Production (Nos. 1-26) (“Requests”) as follows:

PRELIMINARY STATEMENT

Unless otherwise stated, Defendant has not withheld any documents pursuant to any objection after a reasonable, good faith investigation for responsive documents. To the extent further supplementation is necessary or Plaintiff requests additional production, Plaintiff reserves the right to withhold specifically identified classes of documents that are not subject to production.

GENERAL OBJECTIONS

¹ U.S. Secretary of Commerce Wilbur Ross named U.S. Patent and Trademark Office (USPTO) Associate Solicitor Joseph Matal to perform the functions and duties of the Under Secretary of Commerce for Intellectual Property and Director of the USPTO. The position became effective June 7, 2017, and followed the resignation of former USPTO Director Michelle K. Lee on June 6, 2017.

1. Defendant objects to each Request to the extent that it seeks information or materials subject to the attorney-client privilege, material prepared in anticipation of litigation or which otherwise constitutes work product, or information which is protected by any other applicable governmental privilege, including but not limited to the deliberative process privilege. To the extent that Defendant may produce any protected information or materials inadvertently, this inadvertent production is without prejudice to any claim that the information or material is privileged in any respect and/or protected from discovery, and such inadvertent production shall not be deemed to have waived any of Defendant's right or privileges.

2. Defendant objects to each Request to the extent that it seeks information which is neither relevant to nor appears reasonably calculated to lead to the discovery of admissible evidence in connection with any claim or defense of a party to this action, for it imposes an undue burden not commensurate with legitimate discovery needs.

3. Defendant objects to each Request to the extent that it seeks information or documents not within Defendant's possession, custody, or control.

4. Defendant objects to these Requests to the extent that they seek information which, if disclosed, would violate a statute or regulation, such as the Privacy Act.

5. USPTO objects to each Request to the extent that it compels the USPTO to breach its confidentiality obligations under 35 U.S.C. § 122 as applied to another applicant's application.

6. Defendant objects to each Request to the extent that the information and/or documents requested have been previously provided to the Plaintiff during the administrative proceedings underlying the four patent applications in these actions and Mr. Hyatt's other related

patent applications filed at the USPTO, and to the extent the information and/or documents requested are equally available to Plaintiff.

7. Defendant reserves the right to supplement, clarify, revise or correct any or all information contained in these responses should additional or different information become available through discovery or otherwise, pursuant to Fed. R. Civ. P. 26(e).

8. In providing these responses to Plaintiff's Requests, Defendant does not in any manner admit or imply that he considers any of the responses hereto, or any documents produced in response, to be relevant or material to the subject matter of this action or to the claims or defenses of any party herein, or that such discovery responses or documents are reasonably calculated to lead to the discovery of admissible evidence.

9. Defendant does not waive and hereby reserves the right to assert any and all objections to the admissibility into evidence at the trial of this action, or in any other proceeding, of any information provided in response to the Requests or any document produced or referred to in response to the Requests, on all grounds, including, but not limited to, relevance, materiality, and privilege.

10. Defendant objects to each definition, instruction, and request to the extent it seeks to impose or modify discovery obligations in a manner inconsistent with or more extensive in scope than those required under the Federal Rules of Civil Procedure, the Local Rules of the United States District Court for the District of Columbia, and the Court's May 2, 2017, Order On Laches Discovery ("the Court's Laches Discovery Order") (*see, e.g.*, Case No. 05-2310, ECF No. 131), particularly given the limited amount of time to conduct discovery and the Court's instructions that "discovery should be limited to factual issues surrounding whether Mr. Hyatt 'deliberately and without excuse' delayed patent prosecutions that would not be contained in the

administrative record or in which the parties dispute the record,” and “given the quasi-judicial nature of patent proceedings and the need for an expeditious conclusion to these cases, all discovery into these issues ought be narrow and limited to factual matters-not delve into hypotheticals or speculation or the reasons, mental processes, or conclusions of the examiners or other PTO officials.” *Id.* In this regard, the USPTO objects to each Request to the extent that it calls for the production of documentation that is unduly burdensome in relation to the relevance of the sought information to the USPTO’s affirmative defense of prosecution laches. Moreover, as the Court limited discovery to factual matters and excluded documents and information protected by the deliberative process privilege, the USPTO will not search for, collect, and/or produce documents protected by the deliberative process privilege.

11. The USPTO incorporates by reference every general objection set forth above into each specific objection and response. A specific objection or response may repeat a general objection for emphasis or for some other reason. The failure to include any general objection in any specific objection or response does not waive any general objection to the request. The USPTO reserves its right to amend its responses.

RESPONSES AND SPECIFIC OBJECTIONS

Subject to and without waiving the foregoing General Objections, Defendant responds to Plaintiff’s First Set of Requests for Production as follows:

REQUEST NO. 1

All PALM, Electronic Desktop Application Navigator (“eDAN”), and bi-weekly employee docket reports issued after April 8, 1995, that refer to or reflect any involvement with Mr. Hyatt’s patent applications.

RESPONSE TO REQUEST NO. 1

Defendant hereby incorporates the general objections set forth above. Defendant also objects to this request as vague, ambiguous, overbroad, and unduly burdensome in that it requests “[a]ll” PALM, eDAN, and bi-weekly employee docket reports “that refer to or reflect” involvement with Mr. Hyatt’s patent applications. Defendant also objects to this request to the extent it seeks bi-weekly docket reports in electronic and paper format for hundreds of applications going back over 20 years in time as unduly burdensome in relation to the relevance of the information sought to the issue of prosecution laches. Defendant also objects to this request to the extent it seeks information contained in the administrative records of Mr. Hyatt’s applications or otherwise available to the Plaintiff. Defendant also objects to this request given the limited amount of time to conduct discovery and the Court’s instructions that “discovery should be limited to factual issues surrounding whether Mr. Hyatt ‘deliberately and without excuse’ delayed patent prosecutions that would not be contained in the administrative record” and that given “the need for an expeditious conclusion to these cases, all discovery into these issues ought be narrow.”

Subject to and without waiving the foregoing objections, Defendant has produced and/or will produce non-privileged documents responsive to this request.

SUPPLEMENTAL RESPONSE TO REQUEST NO. 1

Defendant hereby incorporates the general and specific objections set forth above. Subject to and without waiving the foregoing objections, Defendant provides the following supplemental response: Defendant has produced non-privileged documents responsive to this request. Defendant is withholding bi-weekly employee docket reports because these documents contain personal information of the examiners, would require extensive redactions, and have marginal relevance to the issue of prosecution laches. Moreover, the USPTO has provided a spreadsheet of docket information for Mr. Hyatt’s applications that identifies for each application

the individual each case was docketed to and the time period the application was docketed to that person. *See* PTO15-0000001. Thus, it is not clear what additional relevant information the bi-weekly employee docket reports would provide. The USPTO is willing to meet and confer on this portion of the request.

REQUEST NO. 2

All PTO employee time and activity reports submitted after April 8, 1995 in which credit is claimed for work done on Mr. Hyatt's patent applications, including any related submissions or calculations with respect to goals under any production expectancy or performance appraisal plan.

RESPONSE TO REQUEST NO. 2

Defendant hereby incorporates the general objections set forth above. Defendant also objects to this request as overbroad and unduly burdensome in that it requests "[a]ll PTO employee time and activity reports" for work done on Mr. Hyatt patent applications and has no apparent relevance to the issue of prosecution laches. Defendant also objects to this request as unduly broad and burdensome, especially given the marginal relevance of the information sought in view of the limited amount of time to conduct discovery and the Court's instructions that "discovery should be limited to factual issues surrounding whether Mr. Hyatt 'deliberately and without excuse' delayed patent prosecutions and that given 'the need for an expeditious conclusion to these cases, all discovery into these issues ought be narrow.'"

Subject to and without waiving the foregoing objections, Defendant has produced and/or will produce non-privileged documents responsive to this request.

SUPPLEMENTAL RESPONSE TO REQUEST NO. 2

Defendant hereby incorporates the general and specific objections set forth above. Subject to and without waiving the foregoing objections, Defendant provides the following

supplemental response: Defendant has produced and/or will produce non-privileged documents responsive to this request. Defendant is withholding all PTO employee time and activity reports submitted after April 8, 1995 in which credit is claimed for work done on Mr. Hyatt's patent applications because these documents contain personal information of the examiners, would require extensive redactions, and have marginal relevance to the issue of prosecution laches. The USPTO is willing to meet and confer on this portion of the request.

REQUEST NO. 3

All documents evidencing that goals or requirements for a PTO employee's work performance were modified, waived, or excused with respect to Mr. Hyatt's patent applications.

RESPONSE TO REQUEST NO. 3

Defendant hereby incorporates the general objections set forth above. Defendant also objects to this request as having no relevance to the issue of prosecution laches. Defendant has no responsive documents to produce in response to this Request.

REQUEST NO. 4

The entire PALM historical record (including all transaction events, and status entries) and similar tracking documents or records for all of Mr. Hyatt's patent applications.

RESPONSE TO REQUEST NO. 4

Defendant hereby incorporates the general objections set forth above. Defendant also objects to this request as vague, ambiguous, overbroad, and unduly burdensome. Defendant also objects to this request to the extent it seeks all PALM records for hundreds of applications going back over 50 years in time as unduly burdensome in relation to any relevance the information sought might have to the issue of prosecution laches. Defendant also objects to this request to the extent it seeks information contained in the administrative records of Mr. Hyatt's applications or otherwise available to the Plaintiff. Defendant also objects to this request given the limited

amount of time to conduct discovery and the Court's instructions that "discovery should be limited to factual issues surrounding whether Mr. Hyatt 'deliberately and without excuse' delayed patent prosecutions that would not be contained in the administrative record" and that given "the need for an expeditious conclusion to these cases, all discovery into these issues ought be narrow."

Subject to and without waiving the foregoing objections, Defendant has produced and/or will produce non-privileged documents responsive to this request.

REQUEST NO. 5

All documents evidencing any policies, practices, instructions, memoranda, procedures, or guidelines (whether formal or informal) applicable to Mr. Hyatt's patent applications, including (but not limited to) documents relating to: (a) a "Hyatt Room" or other location to segregate or place Mr. Hyatt's patent application materials; (b) a "Bulk Filers" Art Unit, "Art Unit 2615," "Team Exam Six," or other unit, group, or team to examine or otherwise act upon Mr. Hyatt's patent applications; (c) "an entire art unit since 2013, dedicated to examining [Mr. Hyatt's] applications," as detailed on pages 3 and 43 of your Memorandum of Points and Authorities in Support of your Motion to Dismiss ("Memorandum of Law"); (d) the designation, flagging, or grouping of any of Mr. Hyatt's patent applications under the SAWS program or any similar program for identifying patent applications for additional scrutiny, review, or oversight; (e) the designation or treatment of Mr. Hyatt's patent applications as "special" or similar designation entitling the patent applications to expedited processing; (f) the rejection, objection, and/or abandonment of Mr. Hyatt's patent applications; (g) the coordination of office actions or other actions across more than one of Mr. Hyatt's patent applications; and (h) production expectancies and performance appraisal plans applicable to personnel working on Mr. Hyatt's applications.

RESPONSE TO REQUEST NO. 5

Defendant hereby incorporates the general objections set forth above. Defendant also objects to this request as overbroad and unduly burdensome in that it contains eight different subparts that each constitute a separate document request for a total of eight separate document requests. Defendant also objects to this request as vague, ambiguous, overbroad, and unduly burdensome, particularly to the extent it calls for policies that apply to all patent applications, such as policies in the MPEP, policies in the administrative records of Mr. Hyatt's applications, such as the 2013 Requirement, and other vague and unfamiliar terms, such as "Team Exam Six." Defendant also objects to this request as unduly burdensome in that the documents requested have marginal, if any, relevance to the issue of prosecution laches, particularly since the Court has stated that "Defendant is correct in noting that 'delay by the PTO cannot excuse the appellant's own delay.'" *See* the Court's Laches Discovery Order at 2 (citing *In re Bogese*, 303 F.3d 1362, 1369 (Fed. Cir. 2002)). Defendant also objects to this request to the extent it seeks information subject to the deliberative process privilege. Defendant also objects to this request to the extent it is not narrowly "tailored to the issue of prosecution laches." *Id.* at 2.

Subject to and without waiving the foregoing objections, Defendant has produced and/or will produce non-privileged documents responsive to this request.

REQUEST NO. 6

All documents relating to SAWS or any "be on the lookout" program or procedure, "second pair of eyes" program or procedure (i.e., providing for or requiring a second, special, or extra review of applications), or any similar program for identifying patent applications for additional scrutiny, review, or oversight referring to Mr. Hyatt, Mr. Hyatt's patent applications, or any issues involving Mr. Hyatt, including SAWS impact reports for Mr. Hyatt's patent applications and examiner training materials.

RESPONSE TO REQUEST NO. 6

Defendant hereby incorporates the general objections set forth above. Defendant objects to this request as it seeks information or materials subject to the attorney-client privilege, material that constitutes attorney work product, and information or materials subject to the deliberative process privilege. Defendant also objects to this request as it is based on pure speculation without any reasonable belief on Mr. Hyatt's part that the programs for which he requests documents actually exist. Defendant also objects to this request as vague and ambiguous as to the terms "be on the lookout" program or procedure and "second pair of eyes" program or procedure. Defendant also objects to this request to the extent Mr. Hyatt's applications were not subject to SAWS.

Subject to and without waiving the foregoing objections, Defendant has produced and/or will produce non-privileged documents responsive to this request.

REQUEST NO. 7

All documents relating to the withdrawal from issue of the following:

- a) U.S. Patent No. 5,625,761, Hyatt Docket No. 342, Patent Application Ser. No. 07/763,395;
- b) Hyatt Docket No. 363, Patent Application Ser. No. 08/433,307;
- c) Hyatt Docket No. 145, Patent Application Ser. No. 05/849,812; and
- d) U.S. Patent No. 5,847,379, Hyatt Docket No. 324, Patent Application Ser. No. 07/357,570.

RESPONSE TO REQUEST NO. 7

Defendant hereby incorporates the general objections set forth above. Defendant objects to this request as it seeks information or materials subject to the attorney-client privilege, material that constitutes attorney work product, and information or materials subject to the

deliberative process privilege. Defendant further objects to this request as it seeks information in the administrative record or that is publicly available.

Subject to and without waiving the foregoing objections, Defendant has produced and/or will produce non-privileged documents responsive to this request.

REQUEST NO. 8

All documents showing any of Mr. Hyatt's patent applications, including those identified in Document Request No. 7, as applications planned for issue, as prospective patent grants, or as utility grant prints.

RESPONSE TO REQUEST NO. 8

Defendant hereby incorporates the general objections set forth above. Defendant objects to this request as it seeks information or materials subject to the attorney-client privilege, material that constitutes attorney work product, and information or materials subject to the deliberative process privilege. Defendant also objects to this request to the extent it seeks information in the administrative record, publicly available, or otherwise available to Mr. Hyatt.

Subject to and without waiving the foregoing objections, Defendant has produced and/or will produce non-privileged documents responsive to this request.

REQUEST NO. 9

All documents relating to "submarine" or "submariner" patents, patent applications, or patent applicants or to patent applications filed by "independent inventors," "individual inventors," or "small inventors" referring to Mr. Hyatt, Mr. Hyatt's patent applications, or any issues involving Mr. Hyatt.

RESPONSE TO REQUEST NO. 9

Defendant hereby incorporates the general objections set forth above. Defendant also objects to this request as vague and ambiguous as the terms in quotations are undefined.

Defendant further objects to this request as it seeks information or materials subject to the attorney-client privilege, material that constitutes attorney work product, and information or materials subject to the deliberative process privilege. Defendant further objects to this request to the extent it seeks information that has marginal, if any, relevance to the issue of prosecution laches. Defendant further object to this request as vague and ambiguous to the extent it seeks documents relating to “independent inventors,” “individual inventors,” or “small inventors” referring to Mr. Hyatt.

Subject to and without waiving the foregoing objections, Defendant has produced and/or will produce non-privileged documents responsive to this request.

REQUEST NO. 10

All communications sent from, sent to, or received by Michelle Lee, David Kappos, Teresa Stanek Rea, Jon Dudas, James Rogan, Bruce Lehman, Q. Todd Dickinson, Nick Godici, John Doll, Robert Stoll, Margaret “Peggy” Focarino, Drew Hirshfeld, Lawrence Goffney, Stephen Kunin, Edward Kazenske, Esther Keplinger, the Office of Patent Legal Administration or its personnel, or the Board of Patent Appeals and Interferences or Patent Trial and Appeal Board (“Appeals Board”) or its personnel referring to Mr. Hyatt, Mr. Hyatt’s patent applications, or any issues involving Mr. Hyatt.

RESPONSE TO REQUEST NO. 10

Defendant hereby incorporates the general objections set forth above. Defendant objects to this request as it seeks information or materials subject to the attorney-client privilege, material that constitutes attorney work product, and information or materials subject to the deliberative process privilege, especially for all communications sent from, sent to, or received by OPLA and the Board or its personnel. Defendant also objects to this request as vague and ambiguous as to the meaning of “any issues involving Mr. Hyatt.” Defendant further objects to

this request to the extent it seeks information that has marginal, if any, relevance to the issue of prosecution laches. Defendant further object to this request as unduly burdensome to the extent it seeks all communications that refer to Mr. Hyatt to the extent the requested communications do not relate to the issue of prosecution laches, and it unbounded by any time scope limitation.

Subject to and without waiving the foregoing objections, Defendant has produced and/or will produce non-privileged documents responsive to this request. Defendant stands on its objections to the extent the request calls for all communications regarding OPLA and the Board and its personnel, but is willing to meet and confer on this portion of the request.

SUPPLEMENTAL RESPONSE TO REQUEST NO. 10

Defendant hereby incorporates the general and specific objections set forth above. Subject to and without waiving the foregoing objections, Defendant provides the following supplemental response: Defendant has produced and/or will produce non-privileged documents responsive to this request. Defendant is not withholding communications regarding OPLA. Subject to the parties' agreement during a meet and confer as to the limited scope of this request concerning communications regarding the Board and its personnel, i.e., that Plaintiff seeks communications from outside the Board to the Board, e.g., telling them to do or not do something, Defendant is not withholding communications regarding the Board and its personnel.

REQUEST NO. 11

All documents relating to the effect of Mr. Hyatt's patent applications being filed prior to the effective date for the Uruguay Round of the General Agreement on Tariffs and Trade ("GATT") (i.e., June 8, 1995), including (but not limited to): (a) documents evidencing the potential impact of granting such patent applications; and (b) the use of Mr. Hyatt's patent applications as exemplars of pre-GATT patent applications.

RESPONSE TO REQUEST NO. 11

Defendant hereby incorporates the general objections set forth above. Defendant objects to this request as it seeks information or materials subject to the attorney-client privilege, material that constitutes attorney work product, and information or materials subject to the deliberative process privilege. Defendant also objects to this request as vague and ambiguous as to the terms “the use of Mr. Hyatt’s patent applications as exemplars of pre-GATT patent applications.” Defendant also objects to this request to the extent it is duplicative of requests nos. 6, 9, and 10.

Subject to and without waiving the foregoing objections, Defendant has produced and/or will produce non-privileged documents responsive to this request.

REQUEST NO. 12

All documents since June 8, 1995, relating to legislation, legislative proposals, or the need for legislation regarding pre-GATT patent applications that refer to Mr. Hyatt, Mr. Hyatt’s patent applications, or any issues involving Mr. Hyatt.

RESPONSE TO REQUEST NO. 12

Defendant hereby incorporates the general objections set forth above. Defendant also objects to this request to the extent it seeks information that is publicly available or otherwise available to Mr. Hyatt. Defendant objects to this request as it seeks information or materials subject to the attorney-client privilege, material that constitutes attorney work product, and information or materials subject to the deliberative process privilege. Defendant further object to the term “issues involving Mr. Hyatt” as vague and ambiguous.

Subject to and without waiving the foregoing objections, Defendant has produced and/or will produce non-privileged documents responsive to this request.

REQUEST NO. 13

All documents relating to the “Clearing the Oldest Patent Applications” (“COPA”) initiative that refer to Mr. Hyatt, Mr. Hyatt’s patent applications, or any issues involving Mr. Hyatt.

RESPONSE TO REQUEST NO. 13

Defendant hereby incorporates the general objections set forth above. Defendant objects to this request as it seeks information or materials subject to the attorney-client privilege, material that constitutes attorney work product, and information or materials subject to the deliberative process privilege. Defendant further object to the term “issues involving Mr. Hyatt” as vague and ambiguous.

Subject to and without waiving the foregoing objections, Defendant has produced and/or will produce non-privileged documents responsive to this request.

REQUEST NO. 14

All documents relating to the PTO’s actions to re-open prosecution instead of (a) allowing the Appeals Board to rule on Mr. Hyatt’s appealed patent applications or (b) issuing Mr. Hyatt’s patent applications after a ruling in his favor by the Appeals Board.

RESPONSE TO REQUEST NO. 14

Defendant hereby incorporates the general objections set forth above. Defendant also objects to this request to the extent it seeks information in the administrative record. Defendant objects to this request as it seeks information or materials subject to the attorney-client privilege, material that constitutes attorney work product, and information or materials subject to the deliberative process privilege.

Subject to and without waiving the foregoing objections, Defendant has produced and/or will produce non-privileged documents responsive to this request.

REQUEST NO. 15

All documents relating to the use of Requirements for claim selection or for information, including under 37 C.F.R. § 1.105, in Mr. Hyatt's patent applications.

RESPONSE TO REQUEST NO. 15

Defendant hereby incorporates the general objections set forth above. Defendant objects to this request as it seeks information or materials subject to the attorney-client privilege, material that constitutes attorney work product, and information or materials subject to the deliberative process privilege.

Subject to and without waiving the foregoing objections, Defendant has produced and/or will produce non-privileged documents responsive to this request.

REQUEST NO. 16

All documents relating to the loss, in whole or in part, of file histories from Mr. Hyatt's patent applications and the recovery or reconstruction of such file histories.

RESPONSE TO REQUEST NO. 16

Defendant hereby incorporates the general objections set forth above. Defendant also objects to this request to the extent it seeks information in the administrative record. Defendant further objects to this request to the extent it seeks information subject to the deliberative process privilege.

Subject to and without waiving the foregoing objections, Defendant has produced and/or will produce non-privileged documents responsive to this request.

REQUEST NO. 17

All documents relating to actions to overrule or otherwise block or deter a patent examiner from allowing, acting to issue, or recommending issuance of any of Mr. Hyatt's patent applications.

RESPONSE TO REQUEST NO. 17

Defendant hereby incorporates the general objections set forth above. Defendant also objects to this request to the extent it seeks information in the administrative record. Defendant objects to this request as it seeks information or materials subject to the attorney-client privilege, material that constitutes attorney work product, and information or materials subject to the deliberative process privilege.

Subject to and without waiving the foregoing objections, Defendant has produced and/or will produce non-privileged documents responsive to this request.

REQUEST NO. 18

All documents evidencing that Mr. Hyatt promised to focus his patent applications, as stated on page 1 of your Memorandum of Law, that Mr. Hyatt “would focus his claims and file well-differentiated claims directed to a different invention in each of his roughly 400 applications,” as stated on page 4 of your Memorandum of Law, or that the PTO relied on any such promises.

RESPONSE TO REQUEST NO. 18

Defendant hereby incorporates the general objections set forth above. Defendant also objects to this request to the extent it seeks information in the administrative records of Mr. Hyatt’s applications. Defendant also objects to this request to the extent it seeks information that the USPTO has previously provided to Mr. Hyatt in relation to the parties’ briefing on the USPTO’s prosecution laches motion, Mr. Hyatt’s motion for discovery, and Mr. Hyatt’s renewed motion for discovery. Defendant objects to this request as it seeks information or materials subject to the attorney-client privilege, material that constitutes attorney work product, and information or materials subject to the deliberative process privilege.

Subject to and without waiving the foregoing objections, Defendant has produced and/or will produce non-privileged documents responsive to this request.

REQUEST NO. 19

All documents relating to whether Mr. Hyatt's conduct before the PTO has been "unreasonable," as stated on pages 1, 4, and 27 of your Memorandum of Law, or could result in application of prosecution laches.

RESPONSE TO REQUEST NO. 19

Defendant hereby incorporates the general objections set forth above. Defendant also objects to this request to the extent it seeks information in the administrative records of Mr. Hyatt's applications. Defendant also objects to this request to the extent it seeks information that the USPTO has previously provided to Mr. Hyatt, or that Mr. Hyatt otherwise has in his possession, in relation to the parties' briefing on the USPTO's prosecution laches motion, Mr. Hyatt's motion for discovery, and Mr. Hyatt's renewed motion for discovery. Defendant has further provided examples of Mr. Hyatt's unreasonable conduct in the USPTO's First Set of Interrogatories. Defendant objects to this request as it seeks information or materials subject to the attorney-client privilege, material that constitutes attorney work product, and information or materials subject to the deliberative process privilege.

Subject to and without waiving the foregoing objections, Defendant has produced and/or will produce non-privileged documents responsive to this request.

REQUEST NO. 20

All documents evidencing any warnings from the PTO regarding prosecution laches, as stated on page 3 of your Memorandum of Law.

RESPONSE TO REQUEST NO. 20

Defendant hereby incorporates the general objections set forth above. Defendant also objects to this request to the extent it seeks information in the administrative records of Mr. Hyatt's applications. Defendant also objects to this request to the extent it seeks information that

the USPTO has previously provided to Mr. Hyatt, or that Mr. Hyatt otherwise has in his possession, in relation to the parties' briefing on the USPTO's prosecution laches motion, Mr. Hyatt motion for discovery, and Mr. Hyatt's renewed motion for discovery. Defendant further objects to this request as it seeks information or materials subject to the attorney-client privilege, material that constitutes attorney work product, and information or materials subject to the deliberative process privilege.

Subject to and without waiving the foregoing objections, Defendant has produced and/or will produce non-privileged documents responsive to this request. For example, the USPTO described warnings given in 1978, 1980, and 1995 in its prosecution laches briefing. *See* USPTO Reply in support of its motion to dismiss for prosecution laches at pages 20-21; A206847-852; A206855-56; see also USPTO motion to dismiss for prosecution laches at pages 13-14; A819-820 (09-1864); A202643-648. Other examples of warnings regarding Mr. Hyatt's conduct in the administrative records of Mr. Hyatt's applications include the following identified by application number and date of the office action that included the warning:

| | |
|------------|------------|
| 08/285,669 | 12/30/2016 |
| 08/433,307 | 1/3/2017 |
| 08/435,502 | 5/28/2015 |
| 08/435,502 | 8/19/2016 |
| 08/469,061 | 4/20/2017 |
| 08/472,025 | 10/2/2015 |
| 08/472,025 | 12/30/2016 |
| 08/469,939 | 3/3/2017 |
| 08/469,573 | 11/18/2016 |

| | |
|------------|------------|
| 08/471,543 | 3/13/2017 |
| 08/470,899 | 10/25/2016 |
| 08/466,953 | 11/29/2016 |
| 08/470,082 | 12/1/2016 |
| 08/471,428 | 1/4/2017 |
| 08/435,033 | 1/25/2017 |
| 08/471,708 | 3/6/2017 |
| 08/471,925 | 2/7/2017 |
| 08/472,019 | 3/7/2017 |
| 08/479,087 | 5/3/2017 |
| 08/479,088 | 3/29/2017 |
| 08/471,070 | 5/10/2017 |
| 08/456333 | 11/15/2016 |
| 08/458005 | 2/13/2017 |
| 08/458206 | 10/24/2016 |
| 08/459221 | 7/26/2016 |
| 08/459848 | 3/2/2017 |
| 08/460705 | 6/16/2015 |
| 08/460705 | 10/24/2016 |
| 08/466599 | 7/7/2015 |
| 08/466599 | 11/16/2016 |
| 08/466992 | 8/16/2016 |
| 08/439,033 | 6/1/2015 |

| | |
|------------|------------|
| 08/439,033 | 8/26/2016 |
| 08/457,369 | 7/7/2015 |
| 08/457,369 | 1/25/2017 |
| 08/439,032 | 8/19/2015 |
| 08/439,032 | 1/30/2017 |
| 08/457,210 | 8/24/2015 |
| 08/457,210 | 3/16/2017 |
| 08/457,716 | 9/23/2015 |
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REQUEST NO. 21

All communications with parties outside of the PTO, other than Mr. Hyatt or his representatives, relating to Mr. Hyatt or any of Mr. Hyatt's patent applications.

RESPONSE TO REQUEST NO. 21

Defendant hereby incorporates the general objections set forth above. Defendant further objects to this request as it seeks information or materials subject to the attorney-client privilege, material that constitutes attorney work product, and information or materials subject to the deliberative process privilege. Defendant further objects to this request as unduly burdensome and irrelevant to the extent it seeks information that has marginal, if any, relevance to the issue of prosecution laches. Defendant further objects to this request to the extent it seeks information that is publicly available or otherwise available to Mr. Hyatt.

Subject to and without waiving the foregoing objections, Defendant has produced and/or will produce non-privileged documents responsive to this request.

REQUEST NO. 22

All documents relating to Mr. Hyatt's '094 patent application, as discussed on page 37–38 of your Memorandum of Law.

RESPONSE TO REQUEST NO. 22

Defendant hereby incorporates the general objections set forth above. Defendant also objects to this request to the extent it seeks information in the administrative records of Mr. Hyatt's applications. Defendant also objects to this request to the extent it seeks information that the USPTO has previously provided to Mr. Hyatt, or that Mr. Hyatt otherwise has in his possession, in relation to the parties' briefing on the USPTO's prosecution laches motion, Mr. Hyatt's motion for discovery, and Mr. Hyatt's renewed motion for discovery. Defendant further objects to this request as it seeks information or materials subject to the attorney-client privilege, material that constitutes attorney work product, and information or materials subject to the deliberative process privilege.

Subject to and without waiving the foregoing objections, Defendant has produced and/or will produce non-privileged documents responsive to this request.

REQUEST NO. 23

All documents other than cited prior art evidencing media articles accessed or stored by PTO personnel referring to Mr. Hyatt, Mr. Hyatt's patent applications, or his issued patents.

RESPONSE TO REQUEST NO. 23

Defendant hereby incorporates the general objections set forth above. Defendant further objects to this request as unduly burdensome and irrelevant to the extent it seeks information that has marginal, if any, relevance to the issue of prosecution laches. Defendant also objects to this request to the extent it seeks information that the USPTO has previously provided to Mr. Hyatt, or that Mr. Hyatt otherwise has in his possession, in relation to the parties' briefing on the USPTO's prosecution laches motion. Defendant further objects to this request as it seeks information or materials subject to the attorney-client privilege, material that constitutes attorney work product, and information or materials subject to the deliberative process privilege.

Subject to and without waiving the foregoing objections, Defendant has produced and/or will produce non-privileged documents responsive to this request.

REQUEST NO. 24

All documents relating to the suspension of prosecution or of other consideration of Mr. Hyatt's patent applications.

RESPONSE TO REQUEST NO. 24

Defendant hereby incorporates the general objections set forth above. Defendant also objects to this request to the extent it seeks information in the administrative record. Defendant further objects to this request as it seeks information or materials subject to the attorney-client privilege, material that constitutes attorney work product, and information or materials subject to the deliberative process privilege. Defendant further objects to this request to the extent it seeks information in the possession of Mr. Hyatt or otherwise available to Mr. Hyatt.

Subject to and without waiving the foregoing objections, Defendant has produced and/or will produce non-privileged documents responsive to this request. Defendant has also produced documents responsive to this request in case no. 14-1300 in the Eastern District of Virginia, including the USPTO's briefing in that case concerning the USPTO's position regarding why it suspended prosecution in the 80 applications at issue in that case.

REQUEST NO. 25

All documents relating to appeal conferences, as described in Manual of Patent Examining Procedure § 1207.01, in Mr. Hyatt's patent applications.

RESPONSE TO REQUEST NO. 25

Defendant hereby incorporates the general objections set forth above. Defendant also objects to this request to the extent it seeks information in the administrative record. Defendant further objects to this request as it seeks information or materials subject to the attorney-client privilege, material that constitutes attorney work product, and information or materials subject to the deliberative process privilege. Defendant further objects to this request to the extent it seeks information in the possession of Mr. Hyatt or otherwise available to Mr. Hyatt.

Subject to and without waiving the foregoing objections, Defendant has produced and/or will produce non-privileged documents responsive to this request.

REQUEST NO. 26

If you assert any documents sought by Mr. Hyatt have not been retained, documents evidencing the PTO's document preservation or retention policies, including all such policies and procedures enacted to comply with the Federal Records Act.

RESPONSE TO REQUEST NO. 26

Defendant hereby incorporates the general objections set forth above. Defendant further objects to this request to the extent it seeks information subject to the deliberative process or

attorney-client privilege. Defendant further objects to this request as Mr. Hyatt's discovery requests seek information and documents dating back to as early as 1969, and much of the information sought has marginal, if any, relevance to the issue of prosecution laches.

Subject to and without waiving the foregoing objections, Defendant has produced and/or will produce non-privileged documents responsive to this request.

Dated: July 12, 2017

Respectfully submitted,

CHANNING D. PHILLIPS, D.C. Bar #415793
United States Attorney
for the District of Columbia

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Chief, Civil Division

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Counsel for Defendant

CERTIFICATE OF SERVICE

I hereby certify that on July 12, 2017, the foregoing was delivered electronically to the following counsel for Plaintiff:

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/s/ Robert E. McBride
ROBERT E. MCBRIDE
Special Assistant United States Attorney

Exhibit 8

UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF COLUMBIA

-----:
GILBERT P. HYATT, :
 :
 :
 : Plaintiff, :
 v. : Civil Action No. 05-2310(RCL)
 : Civil Action No. 09-1864(RCL)
 JOSEPH MATAL, : Civil Action No. 09-1869(RCL)
 : Civil Action No. 09-1872(RCL)
 : Defendant.: ECF
-----:

Videotaped Deposition of PATRICIA CAPERS

Monday, August 21, 2017

Washington, D.C.

Reported by:

Susan L. Ciminelli, RPR, CRR

Job no: 19460

Videotaped Deposition of:

PATRICIA CAPERS,

called for oral examination by counsel for
Plaintiff, pursuant to notice, at the office of
Baker & Hostetler, LLP, Washington Square, Suite
1100, 1050 Connecticut Avenue, Washington, D.C.,
before SUSAN L. CIMINELLI, RPR, CRR, a Notary Public
in and for the District of Columbia, beginning at
9:22 a.m., when were present on behalf of the
respective parties:

A P P E A R A N C E S

On behalf of Plaintiff:

MARK W. DeLAQUIL, ESQUIRE
Baker & Hostetler, LLP
Washington Square
Suite 1100
1050 Connecticut Avenue, N.W.
Washington, D.C. 20036-5304
(202) 868-1697
mdelaquil@bakerlaw.com

On behalf of Defendant:

ROBERT McBRIDE, ESQUIRE
United States Patent & Trademark Office
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Madison West Building 8C43A
Mail Stop 8
PO Box 1450
Alexandria, Virginia 22313-1450
(571) 272-7153
robert.mcbride@uspto.gov

ALSO PRESENT:

CHARLIE WIDNER, Videographer
GILBERT P. HYATT, Via video conference

* * * * *

C O N T E N T S

PATRICIA CAPERS

EXAMINATION BY:

PAGE

Counsel for Plaintiff

7

CAPERS DEPOSITION EXHIBITS:

PAGE

1 Second Amended Notice of Deposition

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2 PTO16-0000942-996

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3 PTO16-0000997-1028

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4 PTO16-0001029-1046

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5 PTO16-0001047-1078

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6 PTO16-0001079-1082

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7 PTO16-0001083-1125 (2-7 Request for
Records Disposition Authority

67

8 Policy for Archiving and Destroying

Configuration Management OCIO-5002-09

72

9 USPTO Rules of the Road OCIO-POL-36

73

10 USPTO Enterprise SharePoint Policy

OCIO-5003-09

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11 PTO14-0000006

Reference Request

Accession No. 241-89-04

111

CAPERS DEPOSITION EXHIBITS: PAGE

12 PTO15-0004825-4826 Technology Center

1600 Special Applications Warning

System (SAWS) 139

13 Defendant's Second Supplemental

Response to Plaintiff's Interrogatory

No. 2; Corrected First Supplemental

Responses to Interrogatory Nos. 2, 4

and 7 150

P R O C E E D I N G S

THE VIDEOGRAPHER: This is tape number 1 of the videotaped deposition of Patricia Capers, in the matter of Hyatt versus Matal, in the United States District Court for the District of Columbia, civil Action Numbers 05-2310(RCL), 09-1864(RCL), 09-1869(RCL), and 09-1872(RCL) ECF. This deposition is being held at Baker Hostetler on August 21st, 2017, at approximately 9:22 a.m.

My name is Charlie Widner from the firm of TransPerfect Legal Solutions, and I am the legal video specialist. The court reporter is Sue Ciminelli in association with TransPerfect Legal Solutions. Will counsel please introduce themselves.

MR. DeLAQUIL: On behalf of the Plaintiff, Mark DeLaquil of the Baker & Hostetler law firm.

MR. McBRIDE: And on behalf of the Patent and Trademark Office, Robert McBride.

THE VIDEOGRAPHER: Will the court reporter please swear in the witness, and we can

1 proceed.

2 Whereupon,

3 PATRICIA CAPERS,

4 was called as a witness by counsel for Plaintiff,

5 and having been duly sworn, was examined and

6 testified as follows:

7 EXAMINATION BY COUNSEL FOR PLAINTIFF

8 BY MR. DeLAQUIL:

9 Q. Good morning, Ms. Capers.

10 A. Good morning.

11 Q. Would you please state your name for the
12 record?

13 A. My name is Patricia Capers.

14 Q. Thank you. Ms. Capers, have you ever
15 been deposed before?

16 A. Yes, I have.

17 Q. Approximately how many times?

18 A. Two.

19 Q. What was the nature of the first
20 deposition?

21 A. The first deposition dealt with an oil
22 and gas company multistate filing.

1 Q. Was it a deposition in connection with a
2 federal court action?

3 A. Yes, it was.

4 Q. And were you employed by the Patent and
5 Trademark Office at that time?

6 A. No, I was not.

7 Q. Thank you. Was it a civil matter or a
8 criminal matter?

9 A. Civil.

10 Q. What about the second deposition?

11 A. It related to the same transaction, but
12 with different plaintiffs.

13 Q. Who were you employed with at the time of
14 that deposition?

15 A. At the time, I was employed with Encana
16 Oil & Gas Company.

17 Q. Sure. And was that deposition in
18 conjunction with your employment at Encana?

19 A. Yes, it was.

20 Q. Thank you. And what was the general
21 subject matter of the litigation in the first
22 deposition?

1 A. In the deposition, it involved asking
2 about the management of records at Encana, and their
3 affiliates and -- in Texas.

4 Q. Was that also the subject of the second
5 deposition?

6 A. Yes, it was.

7 Q. And approximately when was the first
8 deposition?

9 A. 2003, it occurred.

10 Q. And the second deposition?

11 A. That was also in 2003.

12 Q. Thank you. Ms. Capers, you've been
13 deposed before, but I think it would make sense for
14 us to go over, at least briefly, the general rules
15 of the deposition.

16 A. Thank you.

17 Q. I represent the Plaintiff in this action,
18 Gilbert Hyatt, and you have been designated as a
19 representative of the Patent and Trademark Office.
20 Do you understand that?

21 A. Yes, I do.

22 Q. Thank you. I'm going to ask you a series

1 of questions. If you don't understand a question,
2 would you please let me know?

3 A. I will.

4 Q. Because if you don't let me know that you
5 don't understand the question, I'm going to presume
6 you understand it. Fair enough?

7 A. Yes, that's fair.

8 Q. Thanks. If you find a question
9 confusing, would you please let me know?

10 A. I will.

11 Q. Thank you. If I've assumed an incorrect
12 fact in a question, would you also let me know that?

13 A. Yes, I will.

14 Q. As we get into depositions about records,
15 record keeping policies, I may use some incorrect
16 terminology. If so, would you please correct me?

17 A. Yes.

18 Q. If you understand.

19 A. Yes.

20 Q. Thank you. Are you familiar with the
21 subject matter of this lawsuit?

22 A. Somewhat, I am.

1 Q. Would you tell me your understanding of
2 this lawsuit, please?

3 MR. McBRIDE: Can I just interject, just
4 before we get too far down the road, can we just
5 state for the record the scope of the topic that she
6 has agreed to testify about?

7 MR. DeLAQUIL: Sure. We can go to that.
8 No problem. But before we do that, just give me one
9 minute.

10 MR. McBRIDE: Sure.

11 MR. DeLAQUIL: We'll go there now. Would
12 you mark this as Exhibit 1, please?

13 (Capers Exhibit No. 1 was
14 marked for identification.)

15 BY MR. DeLAQUIL:

16 Q. Ms. Capers, do you need your glasses?

17 A. Yes, I do. Thank you.

18 Q. Thank you. Ms. Capers, have you ever
19 seen this document before?

20 A. No, I have not.

21 Q. This document, which has been marked as
22 Hyatt Exhibit 1 -- excuse me, as Capers Exhibit 1,

1 is the Second Amended Notice of Deposition. If you
2 would turn to the final page of this document,
3 you'll see topic 26. Have you seen topic 26 before?

4 A. Yes, I have.

5 Q. And if you haven't seen this document,
6 how have you seen topic 26?

7 A. I saw a document, in speaking with
8 Mr. McBride, that I believe had a circle around two
9 topics. And this appears to perhaps have been one
10 of those topics.

11 Q. What was the other topic that had a
12 circle around?

13 A. I don't recall.

14 Q. Would you please read the topics in this
15 deposition notice, which would start --

16 A. It might be 14.

17 Q. 14.

18 A. Yes.

19 Q. Sure. And are you prepared to testify
20 about topic 14?

21 A. I am.

22 Q. And are you prepared to talk -- testify

1 about topic 26?

2 A. I am.

3 MR. McBRIDE: And, Mark, I'd just like to
4 interject. I think Ms. Stewart and you had some
5 email discussion about this. But with respect to
6 topic 26, Ms. Capers is prepared to talk about the
7 second portion of that relating to the PTO's
8 document preservation and/or retention policies,
9 which include all such policies and procedures
10 enacted to comply with the Federal Records Act.

11 MR. DeLAQUIL: Yes. I've asked
12 Ms. Capers what she is prepared to testify about,
13 but I do agree, in our correspondence, that we
14 designated as to topic 26 this final portion, the
15 PTO's document preservation and/or retention
16 policies, although I would note that topic 26 is a
17 little broader in the sense that the PTO's document
18 preservation and retention policies are an example
19 of the PTO's search for and production of documents.

20 So insofar as your search and production
21 of documents relate to those specific items, I
22 expect that Ms. Capers is able to testify about

1 those matters today.

2 MR. McBRIDE: Okay. But just to be
3 clear, she was not prepared -- she wasn't educated
4 on what was done to search for documents.

5 MR. DeLAQUIL: Understood. And I don't
6 prepare -- I don't expect to ask Ms. Capers
7 questions about that specific topic, or certainly
8 not at length.

9 MR. McBRIDE: Okay.

10 MR. DeLAQUIL: Except inasmuch as it
11 relates to the document retention and destruction
12 policies.

13 MR. McBRIDE: Understood.

14 MR. DeLAQUIL: Thank you.

15 BY MR. DeLAQUIL:

16 Q. Who designated you to testify on behalf
17 of the Patent and Trademark Office today?

18 A. My director, Marcie Lovett, contacted me,
19 and contacted our executive director, David Childs,
20 and requested that I meet with Mr. McBride, and --
21 as the records officer for U.S. Patent and
22 Trademark, my director, informed me that I might

1 A. Okay.

2 Q. And then we can go through them. And the
3 purpose of this is for you to show me in the
4 documents that the PTO has produced in this
5 litigation, what exactly the PTO's policies on
6 document retention and destruction are as to
7 specific classes of documents.

8 A. Okay.

9 Q. Understand?

10 A. Yes.

11 Q. Thank you. The first document that I'll
12 hand the court reporter is Bates marked PTO 16-942
13 through PTO 16-996, and will be marked as Exhibit
14 Capers 2. The second document that I'll hand to the
15 court reporter is -- contains the Bates range
16 PTO16-997 through PTO16-1028, and will be marked by
17 the court reporter as Exhibit Capers 3.

18 MR. DeLAQUIL: Did I give you a copy of
19 that yet, Rob?

20 MR. McBRIDE: Not yet.

21 (Capers Exhibit Nos. 2-3 were
22 marked for identification.)

1 MR. DeLAQUIL: The next document is Bates
2 marked PTO 16-1029 through PTO16-1046, and will be
3 marked as Exhibit Capers 4.

4 (Capers Exhibit No. 4 was
5 marked for identification.)

6 MR. McBRIDE: Excuse me, Mark. Did you
7 have a copy for me?

8 MR. DeLAQUIL: Yes. I've got a copy of
9 all of these.

10 MR. McBRIDE: Thank you.

11 MR. DeLAQUIL: The next document, which
12 is Bates range PTO16-1047 through PTO16-1078 and
13 will be marked by the court reporter as Exhibit
14 Capers 5.

15 (Capers Exhibit No. 5 was
16 marked for identification.)

17 MR. DeLAQUIL: The next document is Bates
18 range PTO16-1079 through PTO16-1082, and will be
19 marked by the court reporter as Exhibit Capers 6.
20 Did I give Capers 6 to you?

21 MR. McBRIDE: Yes, I have Capers 6.

22 (Capers Exhibit No. 6 was

1 marked for identification.)

2 MR. DeLAQUIL: The next document is Bates
3 marked PTO16-1083 through PTO-1125, and will be
4 marked by the court reporter as Capers 7.

5 (Capers Exhibit No. 7 was
6 marked for identification.)

7 BY MR. DeLAQUIL:

8 Q. Ms. Capers, each of the documents that
9 have been marked Exhibit Capers 3 through 7 begin
10 with a title, requests for records disposition
11 authority. What does that mean?

12 A. An SF-115, the request for disposition
13 authority is the document that is provided to the
14 appraisal archivist at NARA requesting that the
15 retention and disposition of select federal records
16 at an agency is approved after review. Generally
17 before this document is presented to the National
18 Archives, the records officer or a representative
19 meets with the organization, discusses the type of
20 records, the use of the records, annotate that on
21 this form, and then submits it to the National
22 Archives for approval.

1 Upon approval, after any amendments to
2 this document, then the retention and its
3 instructions become the legal and operative manner
4 in which the records would be managed until another
5 submission overrides an existing schedule.

6 Q. Sure. And if you look at the oldest of
7 these documents, Exhibit Capers 2, the title was a
8 little different. Request for authority to dispose
9 of records?

10 A. Yes.

11 Q. Is that the same meaning as request for
12 records disposition authority?

13 A. Yes, that's the same meaning.

14 Q. Okay. You used the term SF-115 in
15 conjunction with these documents.

16 A. Yes.

17 Q. Is that because, beginning on Exhibit
18 Capers 3, in the bottom right, it says, Standard
19 Form 115?

20 A. Yes. Yes. The standard form references
21 the type of document agencies use to submit a
22 proposed disposition schedule.

1 Q. And it looks -- if you look at the top
2 right, with the signature of the Archivist of the
3 United States, or his representative, that each of
4 the documents marked Exhibit Capers 2 through
5 Exhibit Capers 7 has been approved.

6 A. Yes.

7 Q. Are you aware of any requests for records
8 disposition authority that the PTO has made to the
9 Archivist that are not included in Exhibits Capers 2
10 through 7?

11 A. The only way that I can answer that is
12 the fact that I'm aware that we have approximately
13 200 retention schedules, and this does not appear to
14 encompass 200, at first glance of these documents
15 before me. So just based on what I see here, this
16 would not be the entire consolidated records control
17 schedule before me.

18 Q. Okay. So this is only some of the
19 requests for authority to dispose of records that
20 have been made from the PTO to the Archivist?

21 A. That's what it appears to me.

22 Q. Okay. Does the PTO maintain a document

1 that sets forth the disposition directions for all
2 types of records in the agency as of today?

3 A. Yes, it's on our web page.

4 Q. It's on your web page.

5 A. Uh-huh.

6 Q. And what's that document called?

7 A. It's called the consolidated records
8 control schedule. Consolidated, meaning that
9 it's -- it has within that document, covering all
10 records, both administrative and the mission
11 records. And then it's broken down also on the web
12 page by function. And then the consolidated
13 schedule has all of the schedules listed.

14 Q. Is that available on the public facing
15 Patent and Trademark Office website?

16 A. You will find -- no, we currently don't
17 have a public facing records retention schedule on
18 the U.S. Patent web page. We have internal
19 schedules. We plan in the future for an outward
20 facing, but you can also find these schedules on the
21 NARA records retention web page.

22 Q. By these schedules, do you mean the

Exhibit 9

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

GILBERT P. HYATT,
Plaintiff,

v.

JOSEPH MATAL,
Defendant.

Civil Action No. 1:09-cv-1864 (RCL)
Civil Action No. 1:09-cv-1869 (RCL)
Civil Action No. 1:09-cv-1872 (RCL)
Civil Action No. 1:05-cv-2310 (RCL)

**DEFENDANT'S SECOND SUPPLEMENTAL RESPONSE TO PLAINTIFF'S
INTERROGATORY NO. 2; CORRECTED FIRST SUPPLEMENTAL
RESPONSES TO INTERROGATORY NOS. 2, 4, AND 7**

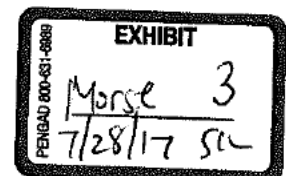
Pursuant to Federal Rule of Civil Procedure 33, Defendant, Joseph Matal,¹ performing the functions and duties of the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office ("USPTO" or "Defendant"), by and through undersigned counsel, hereby responds to Plaintiff's First Set of Interrogatories (Nos. 1-7) ("Interrogatories") as follows:

GENERAL OBJECTIONS

1. Defendant objects to these Interrogatories to the extent that they seek information or materials subject to the attorney-client privilege, materials prepared in anticipation of litigation or which otherwise constitutes work product, or information which is protected by any other applicable governmental privilege, including but not limited to the deliberative process privilege.

¹ U.S. Secretary of Commerce Wilbur Ross named U.S. Patent and Trademark Office (USPTO) Associate Solicitor Joseph Matal to perform the functions and duties of the Under Secretary of Commerce for Intellectual Property and Director of the USPTO. The position became effective June 7, 2017, and followed the resignation of former USPTO Director Michelle K. Lee on June 6, 2017.

PTX-019



2. Defendant objects to these Interrogatories to the extent that they seek information which is neither relevant to, nor appears reasonably calculated to lead to the discovery of admissible evidence in connection with, any claim or defense of a party to this action, for it imposes an undue burden not commensurate with legitimate discovery needs.

3. Defendant objects to each Interrogatory to the extent that it seeks information or documents not within Defendant's possession, custody, or control.

4. Defendant objects to these Interrogatories to the extent that they seek information which, if disclosed, would violate a statute or regulation, such as the Privacy Act.

5. USPTO objects to each Interrogatory to the extent that it compels the USPTO to breach its confidentiality obligations under 35 U.S.C. § 122 as applied to another applicant's application.

6. Defendant objects to each Interrogatory to the extent that the information and/or documents requested have been previously provided to the Plaintiff during the administrative proceedings underlying the four patent applications in these actions and Mr. Hyatt's other related patent applications filed at the USPTO, and to the extent the information and/or documents requested are equally available to Plaintiff.

7. Defendant reserves the right to supplement, clarify, revise or correct any or all information contained in these responses should additional or different information become available through discovery or otherwise, pursuant to Fed. R. Civ. P. 26(e).

8. In providing these responses to Plaintiff's Interrogatories, Defendant does not in any manner admit or imply that he considers any of the responses hereto, or any documents produced in response, to be relevant or material to the subject matter of this action or to the

claims or defenses of any party herein, or that such discovery responses or documents are reasonably calculated to lead to the discovery of admissible evidence.

9. Defendant does not waive and hereby reserves the right to assert any and all objections to the admissibility into evidence at the trial of this action, or in any other proceeding, of any information provided in response to the Interrogatories or any document produced or referred to in response to the Interrogatories, on all grounds, including, but not limited to, relevance, materiality, and privilege.

10. Defendant objects to the Instructions, Definitions, and Interrogatories to the extent they seek to impose or modify discovery obligations in a manner inconsistent with or more extensive in scope than those required under the Federal Rules of Civil Procedure, the Local Rules of the United States District Court for the District of Columbia, and the Court's May 2, 2017, Order On Laches Discovery (*see, e.g.*, Case No. 05-2310, ECF No. 131), particularly given the limited amount of time to conduct discovery and the Court's instructions that "discovery should be limited to factual issues surrounding whether Mr. Hyatt 'deliberately and without excuse' delayed patent prosecutions that would not be contained in the administrative record or in which the parties dispute the record," and "given the quasi-judicial nature of patent proceedings and the need for an expeditious conclusion to these cases, all discovery into these issues ought be narrow and limited to factual matters-not delve into hypotheticals or speculation or the reasons, mental processes, or conclusions of the examiners or other PTO officials." *Id.* In this regard, the USPTO objects to each Interrogatory to the extent that it calls for the production of documentation that is unduly burdensome in relation to the relevance of the sought information to the USPTO's affirmative defense of prosecution laches. Moreover, as the Court limited discovery to factual matters and excluded documents and information protected by the

deliberative process privilege, the USPTO will not search for, collect, and/or produce documents protected by the deliberative process privilege.

11. The USPTO incorporates by reference every general objection set forth above into each specific objection and response. A specific objection or response may repeat a general objection for emphasis or for some other reason. The failure to include any general objection in any specific objection or response does not waive any general objection to the Interrogatory. The USPTO reserves its right to amend its responses.

RESPONSES AND SPECIFIC OBJECTIONS

Subject to and without waiving the foregoing General Objections and Qualifications, Defendant responds to Plaintiff's First Set of Interrogatories as follows:

INTERROGATORY NO. 1

Identify all patent examiners having any involvement with Mr. Hyatt's patent applications after April 8, 1995; for each such examiner, list the dates which he or she first became involved with the patent applications, ceased to be involved with the patent applications, and the patent applications with which he or she was involved.

RESPONSE TO INTERROGATORY NO. 1

Defendant objects to this Interrogatory as it seeks information contained in the administrative records of Mr. Hyatt's applications or otherwise available to the Plaintiff.

Subject to and without waiving the foregoing objections, and pursuant to Federal Rule of Civil Procedure 33(d), the USPTO has produced a document with responsive information at PTO15-0000001.

INTERROGATORY NO. 2

Identify all supervisors, managerial employees, and employees in the office of the Patent Commissioner, office of the Deputy Commissioner, Office of Patent Legal Administration, and

Office of Petitions responsible for, working on, or otherwise involved with Mr. Hyatt's patent applications after April 8, 1995; for each such supervisor, list the dates which he or she first became involved with the patent applications, ceased being involved with the patent applications, and with which patent applications he or she was involved.

RESPONSE TO INTERROGATORY NO. 2

Defendant objects to this Interrogatory as overbroad and unduly burdensome as it seeks information that has little or no relevance to the issue of prosecution laches and it imposes an undue burden not commensurate with legitimate discovery needs. Defendant objects to this Interrogatory as it seeks information contained in the administrative records of Mr. Hyatt's applications.

Subject to and without waiving the foregoing objections, the information sought is available from the administrative records of Mr. Hyatt's patent applications, which are in his possession, and which the USPTO has produced to plaintiff.

[CORRECTED] FIRST SUPPLEMENTAL RESPONSE TO INTERROGATORY NO. 2

Defendant incorporates the same objections the USPTO has previously made in response to this Interrogatory. Subject to and without waiving the foregoing objections, the USPTO supplements its response as follows:

Pursuant to Federal Rule of Civil Procedure 33(d), the USPTO has produced a document with responsive information at PTO15-0000001. The USPTO further identifies the following individuals that were involved with Mr. Hyatt's applications: Pinchus Laufer from approximately 2001-2005; Greg Morse from approximately 2013 – present; Richard Hjerpe from approximately the late-1990s to approximately 2011; Reginald Bragdon from approximately 2003 to approximately 2007.

SECOND SUPPLEMENTAL RESPONSE TO INTERROGATORY NO. 2

Defendant incorporates the same objections the USPTO has previously made in response to this Interrogatory. Subject to and without waiving the foregoing objections, the USPTO supplements its response as follows:

The USPTO further identifies the following individuals that were involved with Mr. Hyatt's applications: Michael Razavi from approximately 1995 – early 2000; Diego Gutierrez from approximately October 2012 – March 2013.

INTERROGATORY NO. 3

Identify all file histories or portions of file histories of Mr. Hyatt's patent applications that were lost by the PTO after April 8, 1995, irrespective of whether those histories were subsequently located or reconstructed; for each such history or portion of history, please provide the date and circumstances of its loss and the discovery of its loss, whether it has been restored, and, if so, the date and circumstances of its restoration.

RESPONSE TO INTERROGATORY NO. 3

Defendant objects to this Interrogatory as overbroad and unduly burdensome as it seeks information that has little or no relevance to the issue of prosecution laches, particularly in view of the fact that, as the Court recognized, USPTO delay cannot excuse Mr. Hyatt's delay. Defendant further objects to this Interrogatory as it seeks information concerning the circumstances of transactions that occurred many years, if not decades, ago, and the information sought imposes an undue burden not commensurate with legitimate discovery needs.

Subject to and without waiving the foregoing objections, the information sought is available from the PALM records the USPTO has produced. *See* PTO15-0000003 - 0004803.

INTERROGATORY NO. 4

Identify which, if any, of Mr. Hyatt's patent applications that have been subject to or otherwise associated with the Sensitive Application Warning System ("SAWS") program or any

similar program for identifying patent applications for additional scrutiny, review, or oversight; for each such application, please provide the date and nature of each program-related action to which the application was subject.

RESPONSE TO INTERROGATORY NO. 4

Defendant objects to this Interrogatory as it seeks information that has little or no relevance to the issue of prosecution laches, particularly in view of the fact that, as the Court recognized, USPTO delay cannot excuse Mr. Hyatt's delay. Defendant further objects to this Interrogatory as it seeks information that is apparent from the administrative records of Mr. Hyatt's applications and it seeks information that is otherwise known to Mr. Hyatt. Defendant further objects to this Interrogatory as it seeks information and documents subject to the deliberative process privilege. Defendant further objects to this Interrogatory as it compels the USPTO to breach its confidentiality obligations under 35 U.S.C. § 122 as applied to another applicant's application.

Subject to and without waiving the foregoing objections, the USPTO provides the following response. The USPTO believes approximately five of Mr. Hyatt's patent applications were flagged in the SAWS program from approximately 2000-2010. None of the four applications before the Court are included in these five applications. None of Mr. Hyatt's applications are currently flagged in the SAWS program as the program has been discontinued.

[CORRECTED] FIRST SUPPLEMENTAL RESPONSE TO INTERROGATORY NO. 4

Defendant incorporates the same objections the USPTO has previously made in response to this Interrogatory. Subject to and without waiving the foregoing objections, the USPTO supplements its response as follows:

The following five applications were likely in the SAWS program from approximately 2000-2010:

Application Serial No. 06/181,492;

Application Serial No. 08/286,620;

Application Serial No. 08/456,138;

Application Serial No. 08/471,214;

Application Serial No. 08/471,795.

The following application was in the SAWS program in 2014: application serial 08/456,263.

The USPTO is not aware of any other Hyatt applications that were in the SAWS program during any time period, including from 1995-2000.

INTERROGATORY NO. 5

For each of Mr. Hyatt's patent applications that were withdrawn from issue, including those identified in Document Request No. 7, identify the person who made the decision to withdraw it from issue and the physical location of the respective application file history (or any copy thereof) at the time of that person's decision.

RESPONSE TO INTERROGATORY NO. 5

Defendant objects to this Interrogatory as it seeks information that has little or no relevance to the issue of prosecution laches, particularly in view of the fact that, as the Court recognized, USPTO delay cannot excuse Mr. Hyatt's delay. Defendant further objects to this Interrogatory as it seeks information and documents subject to the deliberative process privilege. Defendant further objects to this Interrogatory as it seeks information contained in the administrative records of Mr. Hyatt's patent applications.

Subject to and without waiving the foregoing objections, the USPTO has no further information to provide other than what is included in the administrative record and the documents it has produced in response to Document Request No. 7.

FIRST SUPPLEMENTAL RESPONSE TO INTERROGATORY NO. 5

Defendant incorporates the same objections the USPTO has previously made in response to this Interrogatory. Subject to and without waiving the foregoing objections, the USPTO supplements its response as follows:

The following individuals were involved in the decision to withdraw from issuance U.S. Patent No. 5,625,761: Examiner Robert Harrell; SPE Parshotam Lall; Joe Rolla, Director, Group 2600.

The following individuals were involved in the decision to withdraw from issuance patent application serial no. 07/357,570: Examiner Michael Shingleton; SPE Robert Pascal; Director Rolf Hille, TC 2800; Director Gerald Goldberg, TC 2700.

The following individuals were involved in the decision to withdraw from issuance patent application serial no. 05/849,812: Bruce Lehman; Nick Godici, Director, Group 2600; Examiner Raulfe Zache; Examiner Jeffrey Brier; SPE Thomas Lee; Joe Rolla, Director, Group 2300.

The following individuals were involved in the decision to withdraw from issuance patent application serial no. 08/433,307: Examiner Terrell Fears; Nick Godici, Director, Group 2600.

INTERROGATORY NO. 6

For each alteration to or deletion of Patent Application Locating and Monitoring System (“PALM”) records relating to the examination or other action on Mr. Hyatt’s patent applications made after April 8, 1995, please provide the date and nature of the action and identify the person who requested or performed it or, if records of such alterations or deletions have not been maintained for any period of time subsequent to April 8, 1995, please identify all persons authorized to undertake such alterations or deletions and the time periods of such authorization.

RESPONSE TO INTERROGATORY NO. 6

Defendant objects to this Interrogatory as it seeks information that has little or no relevance to the issue of prosecution laches, particularly in view of the fact that, as the Court recognized, USPTO delay cannot excuse Mr. Hyatt's delay. Defendant further objects to this Interrogatory as it seeks information and documents subject to the deliberative process privilege. Defendant further objects to this Interrogatory as it seeks information contained in the administrative records of Mr. Hyatt's patent applications.

Subject to and without waiving the foregoing objections, the USPTO has produced responsive information at PTO15-0023599.

INTERROGATORY NO. 7

If you contend that any of the documents in the administrative records of Plaintiff's patent applications are relevant to your prosecution laches defense, identify with particularity (e.g., with a Bates number) which documents the PTO will rely upon to support its defense

RESPONSE TO INTERROGATORY NO. 7

Defendant objects to this Interrogatory as premature in that the USPTO is not obligated to identify at this time all of the documents it will rely upon to support its affirmative defense of prosecution laches. That being said, the USPTO has already identified in detail many of the documents that it believes supports its prosecution laches defense. *See, e.g.*, the USPTO's briefing in support of its motion to dismiss for prosecution laches, the USPTO's opposition to Mr. Hyatt's motion for discovery, and the USPTO's opposition to Mr. Hyatt's renewed motion for discovery, including the accompanying laches appendices provided therewith. *See, e.g.*, Laches Appendix volume 1, A200000-206906; Laches Appendix volume 2, A206907-208782. The USPTO has produced these laches appendices in response to Mr. Hyatt's discovery requests nos. 18, 19, 20, and 22. *See* PTO15-0014816-21530.

In that briefing, the USPTO stated that the administrative records of the four applications before the Court support the USPTO's prosecution laches defense. *Id.* The USPTO further stated in its briefing that it believes the administrative records of all his related patent applications support the USPTO's laches defense because they show Mr. Hyatt's pattern of repeatedly filing numerous claims amendments, with the result that his claim set ballooned to over 115,000, while at the same time rewriting many claims; shifting the claims to a different invention; and filing claims for the same invention in different applications—all of which has unreasonably delayed meaningful examination. *Id.* As the Federal Circuit has stated, a pattern of overall delay in a series of related patent applications can trigger prosecution laches. *See Symbol Technologies, Inc v. Lemelson Medical, Education & Research foundation, LP*, 422 F.3d 1378, 1384-86 (Fed. Cir. 2005). Thus, as the file histories of Mr. Hyatt's applications show a pattern of dilatory conduct that is highly relevant to the issue of prosecution laches, the USPTO will rely on them to supports its affirmative defense of prosecution laches.

Furthermore, the USPTO has identified additional specific examples of Mr. Hyatt's unreasonable conduct in its First Set of Interrogatories.

The USPTO reserves all rights to supplement this response and rely on any examples of conduct in the administrative records of Mr. Hyatt's patent applications that demonstrates a pattern of conduct that has delayed prosecution or otherwise supports the USPTO's affirmative defense of prosecution laches.

[CORRECTED] FIRST SUPPLEMENTAL RESPONSE TO INTERROGATORY NO. 7

Defendant incorporates the same objections that it previously made in response to this Interrogatory. Subject to and without waiving the foregoing objections, the USPTO supplements its response as follows:

Defendant identifies as relevant to its prosecution laches defense the substantive portions (e.g., specifications, preliminary amendments, claim amendments, office actions, office action responses, briefing to the Board, Board decisions) of the administrative records of all of Mr. Hyatt's roughly 400 applications because they show Mr. Hyatt's pattern of conduct across a series of related patent applications that unreasonably delayed examination of his claims.²

Defendant further identifies below by Bates Number a narrow subset of specific documents it will rely upon to support its prosecution laches defense. The specifically cited documents include:

- the administrative records for the four applications at issue;
- the administrative record for one or more exemplary applications selected from each of the 12 different families of Hyatt applications;
- Exemplary Office Actions and Responses;
- Examples of Overlapping Claims in the four applications at issue and other applications;
- Documents comprising the laches appendix to Defendant's motion to dismiss and Defendant's opposition to Plaintiff's renewed motion for discovery; and
- Documents cited in USPTO Interrogatories 12-17.

Defendant incorporates by reference and reserves the right to rely on any documents and/or examples cited within the specific documents identified below by Bates Number.

Defendant also incorporates by reference any documents relied upon in the forthcoming expert

² Defendant does not identify these relevant documents by bates number because Plaintiff's counsel, Paul Levine, told the USPTO in a July 6, 2017 email at 5:09 pm: "If the PTO claims that all the documents in the application file histories are 'relevant' to its defense, simply state as much in your response in lieu of providing a long list of bates numbers. However, please separately provide the bates numbers of the documents the PTO will rely upon to support its defense, per the Court order."

reports. Defendant further reserves the right to supplement the documents it will rely on to support its prosecution laches defense as discovery progress, the parties exchange expert reports and take expert discovery, and the USPTO learns which documents Mr. Hyatt will rely on to support his contention that he has not unreasonably delayed prosecution.

| Applications at Issue | Bates Ranges |
|--------------------------------------|--|
| Application No. 08/456,398 (09-1864) | PTO10-0044821 - 0050745 (A1-5922) ³ |
| Application No. 08/472,062 (09-1869) | PTO12-0082187 - 0083674 (A1-A1470) ⁴ |
| Application No. 08/431,639 (09-1872) | PTO8-0006110 - 0008058 (A1-1945) ⁵ |
| Application No. 08/457,211 (05-2310) | PTO10-0083133 - 0091285 (A1-12156) ⁶ |

| Exemplary Applications | Bates Ranges |
|-------------------------------|-------------------------|
| Application No. 08/470,671 | PTO2-0024275 - 0034498 |
| Application No. 08/454,902 | PTO5-0029242 - 0032896 |
| Application No. 08/457,716 | PTO6-0068278 - 0072103 |
| Application No. 08/464,007 | PTO10-0296144 - 0301861 |
| Application No. 08/445,458 | PTO11-0015615 - 0018721 |
| Application No. 08/471,704 | PTO12-0061938 - 0064570 |
| Application No. 08/470,899 | PTO12-0040146 - 0041952 |
| Application No. 08/471,428 | PTO12-0048348 - 0050287 |
| Application No. 08/471,932 | PTO4-0042668 - 0045367 |
| Application No. 08/419,585 | PTO7-0068410 - 0074687 |
| Application No. 05/302,771 | PTO3-0000001 - 0008954 |
| Application No. 08/472,025 | PTO1-0025465 - 0027965 |
| Application No. 08/462,919 | PTO8-0049202 - 0052910 |
| Application No. 08/462,333 | PTO8-0038156 - 0043138 |
| Application No. 08/417,530 | PTO9-0011254 - 0014110 |

| Exemplary Office Actions and Responses | Bates Ranges |
|---|------------------------|
| Application No. 07/493,061 | PTO1-0002499 - 0002542 |

³ Administrative Record for Application No. 08/456,398.

⁴ Administrative Record for Application No. 08/472,862.

⁵ Administrative Record for Application No. 08/431,639.

⁶ Administrative Record for Application No. 08/457,211.

| Exemplary Office Actions and Responses | Bates Ranges |
|--|--|
| Application No. 08/285,669 | PTO1-0006284 - 0006327 PTO1-0004001 - 0004297 |
| Application No. 08/428,737 | PTO1-0008664 - 0008707 |
| Application No. 08/429,272 | PTO1-0011470 - 0011900 |
| Application No. 08/433,307 | PTO1-0015073 - 0015118 PTO1-0012975 - 0013188 |
| Application No. 08/435,502 | PTO1-0017528 - 0017573 PTO1-0016113 - 0016139 PTO1-0016658 - 0016676 |
| Application No. 08/436,552 | PTO1-0019594 - 0019639 |
| Application No. 08/469,061 | PTO1-0022477 - 0022522 PTO1-0020569 - 0020697 |
| Application No. 08/471,214 | PTO1-0024469 - 0024514 |
| Application No. 08/472,025 | PTO1-0027052 - 0027097 PTO1-0026105 - 0026123 PTO1-0025738 - 0025762 PTO1-0025465 - 0025503 |
| Application No. 08/469,532 | PTO2-0015604 - 0015640 PTO2-0014506 - 0014517 PTO2-0013489 - 0013792 PTO2-0014145 - 0014174 |
| Application No. 08/469,532 | PTO2-0015602 - 0015640 PTO2-0014504 - 0014517 PTO2-0014145 - 0014174 PTO2-0013487 - 0013792 |
| Application No. 08/470,671 | PTO2-0032650 - 0032686 PTO2-0033396 - 0033417 PTO2-0033584 - 0033782 PTO2-0034144 - 0034173 |
| Application No. 08/470,879 | PTO2-0036919 - 0036958 |

| Exemplary Office Actions and Responses | Bates Ranges |
|--|--|
| | PTO2-0034501 - 0034843 |
| Application No. 08/470,897 | PTO2-0072476 - 0072512 |
| Application No. 08/470,900 | PTO2-0048330 - 0048878 |
| Application No. 08/471,152 | PTO2-0053353 - 0053389 PTO2-0051782 - 0051826 |
| Application No. 08/471,547 | PTO2-0056383 - 0056419 PTO2-0055785 - 0055816 PTO2-0055639 - 0055661 |
| Application No. 08/471,548 | PTO2-0065866 - 0065902 PTO2-0064289 - 0064325 |
| Application No. 08/471,599 | PTO2-0069419 - 0069455 |
| Application No. 08/471,699 | PTO2-0075468 - 0075504 PTO2-0074337 - 0074351 PTO2-0073976 - 0074002 |
| Application No. 08/471,703 | PTO2-0078641 - 0078677 |
| Application No. 08/471,713 | PTO2-0082281 - 0082317 PTO2-0081240 - 0081252 PTO2-0080764 - 0080794 |
| Application No. 08/471,815 | PTO2-0088104 - 0088140 |
| Application No. 08/471,931 | PTO2-0091117 - 0091153 |
| Application No. 08/472,409 | PTO2-0099441 - 0099477 |
| Application No. 08/479,423 | PTO2-0102954 - 0102990 |
| Application No. 07/502,588 | PTO2-0003928 - 0003964 PTO2-0001757 - 0002095 |
| Application No. 07/539,936 | PTO2-0007165 - 0007201 |
| Application No. 07/541,988 | PTO2-0010397 - 0010433 |

| Exemplary Office Actions and Responses | Bates Ranges |
|--|--|
| Application No. 05/849,812 | PTO4-0010038 - 0010095 PTO4-0012520 - 0012730 |
| Application No. 08/469,528 | PTO4-0015028 - 0016181 |
| Application No. 08/470,665 | PTO4-0019117 - 0019173 |
| Application No. 08/470,666 | PTO4-0021690 - 0021746 |
| Application No. 08/470,856 | PTO4-0024774 - 0024830 |
| Application No. 08/470,859 | PTO4-0027542 - 0027598 |
| Application No. 08/470,898 | PTO4-0030466 - 0030522 PTO4-0029527 - 0029782 PTO4-0029140 - 0029184 |
| Application No. 08/471,062 | PTO4-0033190 - 0033246 |
| Application No. 08/471,434 | PTO4-0035808 - 0035864 PTO4-0034567 - 0034848 |
| Application No. 08/471,795 | PTO4-0038865 - 0038921 |
| Application No. 08/471,810 | PTO4-0041406 - 0041462 PTO4-0040744 - 0040761 PTO4-0040142 - 0040222 |
| Application No. 08/471,932 | PTO4-0043839 - 0043895 PTO4-42668 - 0043055 |
| Application No. 08/472,031 | PTO4-0046783 - 0046839 PTO4-0045887 - 0045904 |
| Application No. 08/472,032 | PTO4-0049756 - 0049813 PTO4-0048684 - 0048709 |
| Application No. 08/472,041 | PTO4-0053224 - 0053281 PTO4-0052278 - 0052295 PTO4-0051371 - 0051610 |
| Application No. 08/479,097 | PTO4-0055961 - 0056017 PTO4-0055078 - 0055101 |
| Application No. 08/483,011 | PTO4-0058575 - 0058631 |

| Exemplary Office Actions and Responses | Bates Ranges |
|--|--|
| | PTO4-0057668 – 0057685 |
| Application No. 08/486,151 | PTO4-0061881 – 0061937 |
| Application No. 07/357,570 | PTO5-0001792 – 0001820 PTO5-0000001 - 0000146 |
| Application No. 08/454,780 | PTO5-0005771 - 0007239 |
| Application No. 08/454,877 | PTO5-0010995 - 0011023 PTO5-0009315 - 0009353 |
| Application No. 08/454,879 | PTO5-0014143 - 0014170 |
| Application No. 08/454,884 | PTO5-0016919 - 0016946 |
| Application No. 08/454,889 | PTO5-0020548 - 0020575 PTO5-0018907 - 0019192 PTO5-0018396 - 0018441 |
| Application No. 08/454,896 | PTO5-0023666 - 0023692 PTO5-0022272 - 0022446 |
| Application No. 08/454,901 | PTO5-0027613 - 0027641 PTO5-0025005 - 0025046 |
| Application No. 08/454,902 | PTO5-0031425 - 0031452 PTO5-0029962 - 0030124 PTO5-0029267 - 0029322 |
| Application No. 08/455,117 | PTO5-0035008 - 0035036 PTO5-0033373 - 0033395 |
| Application No. 08/455,164 | PTO5-0038377 - 0038404 |
| Application No. 08/455,202 | PTO5-0041756 - 0041782 PTO5-0039855 - 0039904 |
| Application No. 08/455,356 | PTO5-0045881 - 0045907 PTO5-0043656 - 0043691 |
| Application No. 08/455,435 | PTO5-0049163 - 0049190 PTO5-0047356 - 0047394 |
| Application No. 08/455,456 | PTO5-0052578 - 0052604 |

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| Application No. 08/455,505 | PTO5-0056287 - 0056313 PTO5-0054182 - 0054296 |
| Application No. 08/455,648 | PTO5-0059431 - 0059457 PTO5-0057816 - 0057817 |
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| Application No. 08/455,750 | PTO5-0065076 - 0065102 |
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| Application No. 08/456,270 | PTO5-0084404 - 0084430 PTO5-0082463 - 0082500 |
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| Application No. 08/501,978 | PTO5-0094507 - 0094533 PTO5-0093110 - 0093147 |
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| Application No. 08/439,032 | PTO6-0004790 - 0005294 PTO6-0003986 - 0004025 PTO6-0003369 - 0003401 |
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| Application No. 08/457,361 | PTO6-0050579 - 0050616 |
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| Application No. 08/457,663 | PTO6-0066652 - 0066689 PTO6-0065387 - 0065416 PTO6-0065358 - 0065386 |
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| Application No. 08/458,144 | PTO6-0093227 - 0093264 PTO6-0090662 - 0090681 PTO6-0090224 - 0090249 |
| Application No. 08/458,579 | PTO6-0096892 - 0096929 PTO6-0095329 - 0095336 |
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| Application No. 08/640,726 | PTO6-0103052 - 0103089 PTO6-0101571 - 0101602 PTO6-0101199 - 0101226 |
| Application No. 08/640,727 | PTO6-0106647 - 0106684 |
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| Application No. 08/419,476 | PTO7-0058038 - 0058076 PTO7-0055986 - 0056178 |
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| Application No. 07/774,159 | PTO9-0007806 - 0007847 |
| Application No. 08/323,471 | PTO9-0009293 - 0009333 PTO9-0008175 - 0008205 |
| Application No. 08/417,530 | PTO9-0012439 - 0012479 PTO9-0011675 - 0011694 PTO9-0011289 - 0011317 PTO9-0011254 - 0011288 |

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| Application No. 08/419,590 | PTO9-0015010 - 0015050 |
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| Application No. 08/423,081 | PTO9-0024333 - 0024373 PTO9-0023523 - 0023533 PTO9-0023181 - 0023521 |
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| Application No. 08/430,777 | PTO9-0032993 - 0033033 PTO9-0032519 - 0032686 PTO9-0032005 - 0032057 |
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| Application No. 08/435,907 | PTO9-0051667 - 0051707 |
| Application No. 08/435,924 | PTO9-0053819 - 0053859 |
| Application No. 08/435,938 | PTO9-0056623 - 0056663 PTO9-0055966 - 0056022 |
| Application No. 08/436,853 | PTO9-0058949 - 0058989 |

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| Application No. 08/438,012 | PTO9-0066951 - 0066991 |
| Application No. 08/438,598 | PTO9-0069707 - 0069747 PTO9-0068979 - 0069037 |
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| Application No. 08/458,582 | PTO9-0077256 - 0077296 PTO9-0076336 - 0076575 |
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| Application No. 08/462,306 | PTO9-0118469 - 0118509 PTO9-0119185 - 0119215 |
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| Application No. 08/464,035 | PTO9-0127794 - 0127834 PTO9-0127278 - 0127410 |
| Application No. 08/464,037 | PTO9-0130666 - 0130706 PTO9-0130300 - 0130362 |
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| Application No. 08/456,333 | PTO10-0035341 - 0035374 |
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| Application No. 08/457,208 | PTO10-0078921 - 0078954 PTO10-0078021 - 0078043 |
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| Application No. 08/460,172 | PTO10-0217790 - 0217823 |
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| Application No. 08/460,433 | PTO10-0230264 - 0230297 PTO10-0229228 - 0229249 PTO10-0228752 - 0228782 PTO10-0228681 - 0228728 |
| Application No. 08/460,607 | PTO10-0235164 - 0235197 |
| Application No. 08/460,612 | PTO10-0241103 - 0241136 PTO10-0240298 - 0240319 PTO10-0239929 - 0239960 |
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| Application No. 08/469,262 | PTO10-0438801 - 0438834 |
| Application No. 08/469,263 | PTO10-0444373 - 0444406 PTO10-0443956 - 0444065 |
| Application No. 08/469,321 | PTO10-0446730 - 0446763 PTO10-0446975 - 0446997 PTO10-0445577 - 0445605 |

| Exemplary Office Actions and Responses | Bates Ranges |
|---|---|
| Application No. 08/469,407 | PTO10-0452533 - 0452566 |
| Application No. 08/469,580 | PTO10-0458252 - 0458285 PTO10-0457524 - 0457547 PTO10-0457095 - 0457123 |
| Application No. 08/469,592 | PTO10-0464895 - 0464928 |
| Application No. 08/469,888 | PTO10-0470858 - 0470891 |
| Application No. 08/469,889 | PTO10-0477003 - 0477036 |
| Application No. 08/470,569 | PTO10-0483361 - 0483394 |
| Application No. 08/471,042 | PTO10-0490995 - 0491028 |
| Application No. 08/471,123 | PTO10-0498289 - 0498322 PTO10-0497360 - 0497383 PTO10-0496877 - 0496906 |
| Application No. 08/471,252 | PTO10-0502330 - 0502363 |
| Application No. 08/471,255 | PTO10-0505015 - 0505048 PTO10-0504398 - 0504419 |
| Application No. 08/471,425 | PTO10-0512752 - 0512785 |
| Application No. 08/471,542 | PTO10-0520068 - 0520101 |
| Application No. 08/471,553 | PTO10-0527371 - 0527404 |
| Application No. 08/471,600 | PTO10-0533488 - 0533521 |
| Application No. 08/471,633 | PTO10-0541637 - 0541670 |
| Application No. 08/471,695 | PTO10-0545227 - 0545260 |
| Application No. 08/471,846 | PTO10-0552086 - 0552119 PTO10-0551648 - 0551732 PTO10-0550913 - 0550978 |
| Application No. 07/128,659 | PTO11-0008778 - 0008838 |
| Application No. 07/182,709 | PTO11-0010621 - 0010682 PTO11-0009671 - 0009728 |

| Exemplary Office Actions and Responses | Bates Ranges |
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| | PTO11-0009733 - 0009759 PTO11-0009733 - 0009759 |
| Application No. 08/445,456 | PTO11-0013437 - 0013498 PTO11-0012580 - 0012736 |
| Application No. 08/445,458 | PTO11-0017213 - 0017273 PTO11-0015753 - 0015789 PTO11-0015753 - 0015789 PTO11-0015615 - 0015636 |
| Application No. 08/454,810 | PTO11-0020480 - 0020540 |
| Application No. 08/454,873 | PTO11-0023452 - 0023512 PTO11-0021898 - 0021936 PTO11-0022573 - 0022590 PTO11-0022546 - 0022569 |
| Application No. 08/454,874 | PTO11-0026076 - 0026136 |
| Application No. 08/454,875 | PTO11-0030327 - 0030387 PTO11-0028522 - 0028669 PTO11-0027813 - 0027863 |
| Application No. 08/454,878 | PTO11-0032836 - 0032896 |
| Application No. 08/454,886 | PTO11-0036153 - 0036213 PTO11-0034994 - 0035048 PTO11-0034332 - 0034480 PTO11-0034527 - 0034551 |
| Application No. 08/454,887 | PTO11-0038955 - 0039015 PTO11-0038181 - 0038204 PTO11-0037588 - 0037626 PTO11-0037864 - 0037889 |
| Application No. 08/454,984 | PTO11-0042242 - 0042302 PTO11-0041441 - 0041461 PTO11-0040686 - 0040722 PTO11-0040957 - 0040981 |

| Exemplary Office Actions and Responses | Bates Ranges |
|---|--|
| Application No. 08/455,297 | PTO11-0044934 - 0044994 |
| Application No. 08/455,303 | PTO11-0047995 - 0048055 PTO11-0046430 - 0046468 |
| Application No. 08/455,309 | PTO11-0052247 - 0052307 PTO11-0050474 - 0050504 PTO11-0049546 - 0049601 PTO11-0050449 - 0050473 |
| Application No. 08/455,310 | PTO11-0055456 - 0055516 |
| Application No. 08/455,320 | PTO11-0058290 - 0058350 |
| Application No. 08/455,924 | PTO11-0061326 - 0061386 |
| Application No. 08/456,128 | PTO11-0064252 - 0064312 |
| Application No. 08/456,129 | PTO11-0067460 - 0067520 PTO11-0066249 - 0066276 PTO11-0065785 - 0065839 PTO11-0065842 - 0065871 |
| Application No. 08/456,130 | PTO11-0070146 - 0070206 PTO11-0068912 - 0069096 |
| Application No. 08/456,138 | PTO11-0073411 - 0073471 PTO11-0072092 - 0072260 |
| Application No. 08/432,478 | PTO12-0003827 - 0003863 |
| Application No. 08/435,033 | PTO12-0005858 - 0005893 PTO12-0005296 - 0005473 |
| Application No. 08/435,894 | PTO12-0007675 - 0007710 |
| Application No. 08/435,901 | PTO12-0010942 - 0010977 |
| Application No. 08/466,164 | PTO12-0012709 - 0012744 |
| Application No. 08/466,953 | PTO12-0014891 - 0014926 PTO12-0014271 - 0014460 |
| Application No. 08/468,501 | PTO12-0016498 - 0016533 |

| Exemplary Office Actions and Responses | Bates Ranges |
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| Application No. 08/469,058 | PTO12-0018298 - 0018333 |
| Application No. 08/469,098 | PTO12-0019739 - 0019774 |
| Application No. 08/469,565 | PTO12-0021406 - 0021441 |
| Application No. 08/469,573 | PTO12-0022954 - 0022989 PTO12-0022416 - 0022572 |
| Application No. 08/469,885 | PTO12-0024846 - 0024881 |
| Application No. 08/469,939 | PTO12-0027244 - 0027279 PTO12-0027999 - 0028212 |
| Application No. 08/470,079 | PTO12-0028743 - 0028778 PTO12-0028237 - 0028409 |
| Application No. 08/470,080 | PTO12-0030391 - 0030426 |
| Application No. 08/470,082 | PTO12-0031835 - 0031870 PTO12-0031203 - 0031385 |
| Application No. 08/470,084 | PTO12-0033877 - 0033912 |
| Application No. 08/470,177 | PTO12-0035496 - 0035531 PTO12-0034814 - 0035106 |
| Application No. 08/470,882 | PTO12-0036893 - 0036928 |
| Application No. 08/470,888 | PTO12-0038733 - 0038768 |
| Application No. 08/470,899 | PTO12-0041308 - 0041343 PTO12-0041693 - 0041896 |
| Application No. 08/471,070 | PTO12-0042326 - 0042361 |
| Application No. 08/471,135 | PTO12-0045003 - 0045038 |
| Application No. 08/471,138 | PTO12-0046658 - 0046693 |
| Application No. 08/471,428 | PTO12-0048959 - 0048994 PTO12-0048348 - 0048565 |
| Application No. 08/471,543 | PTO12-0051615 - 0051650 |
| Application No. 08/471,549 | PTO12-0053073 - 0053109 |
| Application No. 08/471,587 | PTO12-0054517 - 0054935 |

| Exemplary Office Actions and Responses | Bates Ranges |
|---|---|
| Application No. 08/471,598 | PTO12-0056983 - 0057018 |
| Application No. 08/471,700 | PTO12-0058776 - 0058811 |
| Application No. 08/471,704 | PTO12-0062963 - 0062998 PTO12-0062390 - 0062532 PTO12-0061943 - 0062386 |
| Application No. 08/471,707 | PTO12-0064937 - 0064972 |
| Application No. 08/471,708 | PTO12-0067153 - 0067188 PTO12-0066603 - 0066776 |
| Application No. 08/471,709 | PTO12-0068982 - 0069017 |
| Application No. 08/471,710 | PTO12-0071147 - 0071182 |
| Application No. 08/479,088 | PTO12-0088403 - 0088439 PTO12-0087896 - 0088071 |
| Application No. 08/483,016 | PTO12-0091017 - 0091052 |
| Application No. 08/471,925 | PTO12-0078389 - 0080514 |

| Laches Appendix | Bates Ranges |
|-----------------------------|--|
| Laches Appendix - Volume I | PTO15-0014816 - PTO15-0021722 (A200000 - A206906) |
| Laches Appendix - Volume II | PTO15-0021723 - PTO15-0023598 (A206907 - A208782) |

| Overlapping Claims 08/456,398 | Bates Ranges |
|--------------------------------------|--|
| Application No. 08/457,208 | PTO10-0081518 - 0081580 at PTO10-0081553 |
| Application No. 08/458,608 | PTO10-0178789 - 0178824 at PTO10-0178798 - 0178799 |
| Application No. 08/464,497 | PTO10-0309673 - 0309737 at PTO10-0309683 - 0309684 PTO10-0309673 - 0309737 at PTO10-0309675 - 0309676 |
| Application No. 08/469,580 | PTO10-0462158 - 0462207 at PTO10-0462173 PTO10-0461862 - 0461950 |

| | |
|--------------------------------------|---|
| | at PTO10-0461862 PTO10-0462408 - 0462510 at PTO10-0462464 |
| Application No. 08/471,846 | PTO10-0555068 - 0555181 at PTO10-0555159 |
| Application No. 08/471,255 | PTO10-0509823 - 0509902 at PTO10-0509878 |
| Application No. 08/456,339 | PTO10-0040373 - 0040490 at PTO10-0040387 |
| Application No. 08/459,158 | PTO10-0195296 - 0195319 at PTO10-0195296 PTO10-0195296 - 0195319 at PTO10-0195300 |
| Overlapping Claims 08/456,062 | |
| Application No. 08/471,702 | PTO12-0061367 - 0061445 at PTO12-0061411 - 0061412 PTO12-0061367 - 0061445 at PTO12-0061419 PTO12-0061367 - 0061445 at PTO12-0061392 - 0061393 |
| Overlapping Claims 08/431,639 | |
| Application No. 08/464,510 | PTO8-0084539 - 0084655 at PTO8-0084552 - 0084553 |
| Application No. 08/472,041 | PTO4-0051767 |
| Overlapping Claims 08/457,211 | |
| Application No. 08/464,497 | PTO10-0308657 - 0308801 at PTO10-0309677 - 0309678 |
| Application No. 08/460,612 | PTO10-0244643 - 0244746 at PTO10-0244679 - 0244680 |

| Documents Cited in USPTO Interrogatories 12 - 17 | | |
|---|---|--|
| No. | Application | Bates Ranges |
| 12a. | Application No. 08/459,648, Reply to Office Action, 7/11/2016, Amendment to Claim No. 121 | PTO10-0206242 PTO10-0206284 - 0206285 |
| 12b. | Application No. 08/459,508, Reply to Office Action, 3/11/2015, Amendment to Claim No. 248 | PTO9-0086896 PTO9-0087154 - 0087156 |
| 12c. | Application No. 07/493,061, Reply to Office Action, 6/16/2015, Amendment to Claim 3 | PTO1-0001435 PTO1-0001478 |
| 13a. | Application No. 08/458,144 Claim 263, Amendment date 5/28/2003 | PTO6-0093316 PTO6-0093323 |

| Documents Cited in USPTO Interrogatories 12 - 17 | | |
|--|--|--|
| No. | Application | Bates Ranges |
| | Application No. 08/459,090 Claim 396 to Office Action date 12/03/2013 | PTO6-0099006 PTO6-0099081 |
| 13b. | Application No. 08/458,144 Claim 265, Amendment dated 5/28/2003 | PTO6-0093316 PTO6-0093323 |
| | Application No. 08/459,090 Claim 151, Amendment dated 5/23/2003 | PTO6-0099552 PTO6-0099554 |
| 13c. | Application No. 08/458,144 Claim 240, Amendment dated 5/28/2003 | PTO6-0093316 PTO6-0093320 |
| | Application No. 08/459,090 Claim 398 to Office Action dated 12/03/2013 | PTO6-0099006 PTO6-0099081 |
| 13d. | Application No. 08/479,097 Claim 269 to Office Action dated 1/13/2014 | PTO4-0055784 PTO4-0055826 |
| | Application No. 08/470,665 Claim 183, Amendment dated 10/20/2004 | PTO4-0019365 PTO4-0019376 - 0019377 |
| 13e. | Application No. 08/479,097 Claim 279 to Office Action dated 1/13/2014 | PTO4-0055784 PTO4-0055828 |
| | Application No. 08/470,665 Claim 188, Amendment dated 10/20/2004 | PTO4-0019365 PTO4-0019379 |
| 13f. | Application No. 08/470,859 Claim 532, Amendment dated 10/20/2004 | PTO4-0027792 PTO4-0027810 - 0027811 |
| | Application No. 08/471,434 Claim 255, Amendment dated 10/20/2004 | PTO4-0036060 PTO4-0036080 |
| 13g. | Application No. 08/418,212 Claim 232 and Amendment dated 5/25/2006 | PTO7-0023447 PTO7-0023494 |
| | Application No. 08/417,532 Claim 267, Amendment dated 10/19/2004 | PTO7-0010811 PTO7-0010883 |
| 13h. | Application No. 08/470,879 Claim 314, Amendment dated 10/20/2004 | PTO2-0037926 PTO2-0037969 |
| | Application No. 08/471,599 Claim 173 dated 9/20/2005 | PTO2-0069478 PTO2-0069507 |
| 13i. | Application No. 08/470,879 Claim 460, Amendment dated 10/20/2004 | PTO2-0037926 PTO2-0038007 |
| | Application No. 08/471,713 Claim 229 and Amendment dated 11/04/2004 | PTO2-0083546 PTO2-0083583 - 0083584 |
| 13j. | Application No. 08/456,339 Claim 169, Reply to Office Action dated 8/8/2016 | PTO10-0037763 PTO10-0037771 |
| | Application No. 08/465,201 Claim 310 and Amendment dated 11/15/2004 | PTO10-0369281 PTO10-0369435 |
| 13k. | Application No. 08/464,034 Claim 124 dated 3/24/2014 | PTO10-0302079 PTO10-0302087 |
| | Application No. 08/465,201 Claim 306 and Amendment dated 11/15/2004 | PTO10-0369281 PTO10-0369433 - 0369434 |

| Documents Cited in USPTO Interrogatories 12 - 17 | | |
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| No. | Application | Bates Ranges |
| 13l. | Application No. 08/464,034 Claim 196 dated 3/24/2014 | PTO10-0302079 PTO10-0302109 |
| | Application No. 08/465,201 Claim 381 and Amendment dated 11/15/2004 | PTO10-0369281 PTO10-0369460 - 0369461 |
| 13m. | Application No. 08/464,034 Claim 206 dated 3/24/2014 | PTO10-0302079 PTO10-0302112 |
| | Application No. 08/465,201 Claim 536 and Amendment dated 11/15/2004 | PTO10-0369281 PTO10-0369510 |
| 13n. | Application No. 08/464,034 Claim 220 dated 3/24/2014 | PTO10-0302079 PTO10-0302115 - 0302116 |
| | Application No. 08/469,261 Claim 259 to Office Action dated 3/27/2014 | PTO10-0432060 PTO10-0432089 |
| | Application No. 08/457,726 Claim 220 and Amendment dated 3/14/2005 | PTO10-0116800 PTO10-0116932 |
| 13o. | Application No. 08/457,726 Claim 265 and Amendment dated 3/14/2005 | PTO10-0116800 PTO10-0116950 |
| | Application No. 08/458,141 Claim 158 and Amendment dated 9/8/2005 | PTO10-0144258 PTO10-0144372 - 0144373 |
| 13p. | Application No. 08/458,006 ⁷ Claim 193 and Amendment dated 10/12/2005 | PTO10-0136166 PTO10-0136295 |
| | Application No. 08/457,726 Claim 575 dated 1/24/2014 | PTO10-0114512 PTO10-0114669 |
| 13q. | Application No. 08/436,855 Claim 401 | PTO8-0025251 PTO8-0025328 |
| | Application No. 08/462,919 Claim 224 | PTO8-0050784 PTO8-0050797 |
| 13r. | Application No. 08/464,114 Claim 318, Amendment dated 9/8/2003 | PTO8-0076253 PTO8-0076351 |
| | Application No. 08/436,855 Claim 197 dated 12/21/2004 | PTO8-0025251 PTO8-0025291 |
| 13s. | Application No. 08/464,441 Claim 362, Amendment dated 4/30/2004 | PTO8-0081272 PTO8-0081334 - 0081335 |
| | Application No. 08/463,117 Claim 269, Amendment dated 5/28/2004 | PTO8-0062260 PTO8-0062304 - 0062305 |
| 13t. | Application No. 07/774,159 Claim 93, Amendment dated 5/1/2002 | PTO9-0006340 PTO9-0006350 |
| | Application No. 08/419,681 Claim 340 to Office Action dated 3/24/2014 | PTO9-0017547 PTO9-0017650 |
| 13u. | Application No. 08/430,089 Claim 256, Amendment dated 10/20/2004 | PTO9-0030142 PTO9-0030193 |

⁷ Application was listed as 08/456,006 under Interrogatory 13p. The correct application number is 08/458,006.

| Documents Cited in USPTO Interrogatories 12 - 17 | | |
|--|---|--|
| No. | Application | Bates Ranges |
| | Application No. 08/462,306 Claim 275, Amendment dated 7/8/2003 | PTO9-0117611 PTO9-0117624 |
| 13v. | Application No. 08/430,089 Claim 232, Amendment dated 10/20/2004 | PTO9-0030142 PTO9-0030187 |
| | Application No. 08/462,306 ⁸ Claim 296, Amendment dated 7/8/2003 | PTO9-0117611 PTO9-0117631 |
| 13w. | Application No. 08/431,638 Claim 114, Amendment dated 1/16/2004 | PTO9-0035952 PTO9-0035967 |
| | Application No. 08/435,924 Claim 116 to Office Action dated 1/24/2014 | PTO9-0176631 PTO9-0176642 - 0176643 |
| 13x. | Application No. 08/431,638 Claim 118, Amendment dated 1/16/2004 | PTO9-0035952 PTO9-0035968 |
| | Application No. 08/435,924 Claim 176 to Office Action dated 1/24/2014 | PTO9-0176631 PTO9-0176658 |
| 13y. | Application No. 08/431,638 Claim 120, Amendment dated 1/16/2004 | PTO9-0035952 PTO9-0035968 - 0035969 |
| | Application No. 08/435,924 Claim 177 to Office Action dated 1/24/2014 | PTO9-0176631 PTO9-0176658 - 0176659 |
| 13z. | Application No. 08/431,638 Claim 124, Amendment dated 1/16/2004 | PTO9-0035952 PTO9-0035969 - 0035970 |
| | Application No. 08/435,924 Claim 212 to Office Action dated 1/24/2014 | PTO9-0176631 PTO9-0176665 |
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| 14a. | Application No. 08/418,215, Amendment dated 8/21/2014 | PTO7-0034396 - 0034734 |
| 14b. | Application No. 08/423,081, Amendment dated 1/8/2015 | PTO9-0023539 - 0023791 |
| 14c. | Application No. 08/423,235, Amendment dated 9/22/2014 | PTO7-0108786 - 0109077 |
| 14d. | Application No. 08/438,598, Amendment dated 5/19/2015 | PTO9-0069063 - 0069316 |
| 14e. | Application No. 08/445,458, Amendment dated 11/12/2014 | PTO11-0016414 - 0016695 |
| 14f. | Application No. 08/454,884, Amendment dated 5/11/2015 | PTO5-0015966 - 0016237 |
| 14g. | Application No. 08/455,202, Amendment dated 1/26/2015 | PTO5-0040623 - 0041053 |
| 14h. | Application No. 08/455,303, Amendment dated 11/24/2014 | PTO11-0047223 - 0047530 |

⁸ Application was listed as 08/462,302 under Interrogatory 13v. The correct application number is 08/462,306.

| Documents Cited in USPTO Interrogatories 12 - 17 | | |
|--|---|--|
| No. | Application | Bates Ranges |
| 14i. | Application No. 08/456,327, Amendment dated 7/17/2014 | PTO6-0011396 - 0011747 |
| 14j. | Application No. 08/457,715, Amendment dated 11/17/2014 | PTO10-0108215 - 0108507 |
| 14k. | Application No. 08/459,090, Amendment dated 11/21/2014 | PTO6-0098323 - 0098637 |
| 14l. | Application No. 08/463,109, Amendment dated 12/3/2014 | PTO8-0053854 - 0054181 |
| 14m. | Application No. 08/463,820, Amendment dated 10/30/2014 | PTO8-0068066 - 0068295 |
| 14n. | Application No. 08/469,061, Amendment dated 10/28/2014 | PTO1-0021621 - 0021924 |
| 14o. | Application No. 08/471,152, Amendment dated 9/4/2014 | PTO2-0052406 - 0052426 |
| 14p. | Application No. 08/471,549, Amendment dated 10/17/2014 | PTO12-0052528 - 0052742 |
| 14q. | Application No. 08/471,553, Amendment dated 5/26/2015 | PTO10-0526573 - 0526928 |
| 14r. | Application No. 08/471,599, Amendment dated 9/25/2014 | PTO2-0068609 - 0068942 |
| 14s. | Application No. 08/471,810, Amendment dated 10/3/2014 | PTO4-0040789 - 0041060 |
| 14t. | Application No. 08/472,041, Amendment dated 11/24/2014 | PTO4-0052317 - 0052826 |
| 15a. | Application No. 05/101,881 Claim 40 filed 12/28/1970 | PTO13-0001988 PTO13-0002128 |
| | Application No. 08/470,879 Claim 314, Supplemental Amendment dated 10/19/1998 | PTO2-0038516 PTO2-0038561 |
| 15b. | Application No. 05/101,881 Claim 40 filed 12/28/1970 | PTO13-0001988 PTO13-0002128 |
| | Application No. 08/471,599 Claim 173 dated 9/20/2005 | PTO2-0069478 PTO2-0069507 |
| 16a. | Application No. 08/470,879, Claim 186 filed 4/10/2014 | PTO2-0036389 PTO2-0036413 |
| 16b. | Application No. 08/470,671, Claim 180 filed 1/9/2014 | PTO2-0032784 PTO2-0032815 |
| 16c. | Application No. 08/471,547 Claim 155 filed 1/9/2014 | PTO2-0056256 PTO2-0056280 |
| 17a. | Application No. 08/419,586 Claim 38, Amendment filed 1/11/1996 | PTO7-0080398 PTO7-0080429 - 0080430 |

| Documents Cited in USPTO Interrogatories 12 - 17 | | |
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| No. | Application | Bates Ranges |
| | Application No. 08/454,874 Claim 121, Amendment filed 4/22/1998 | PTO11-0027092 PTO11-0027146 - 0027148 |
| 17b. | Application No. 08/455,750 Claim 150, Reply to Office Action dated 4/8/2015 | PTO5-0063979 PTO5-0064012 - 0064013 |
| | Application No. 08/419,586 Claim 93, Amendment dated 2/22/2016 | PTO7-0075763 PTO7-0075843 - 0075844 |
| 17c. | Application No. 08/464,114 Claim 154, Reply to Office Action dated 1/25/2015 | PTO8-0074801 PTO8-0074833 - 0074834 |
| | Application No. 08/471,815 Claim 112, Reply to Office Action dated 1/27/2015 | PTO2-0087174 PTO2-0087201 - 0087202 |
| 17d. | Application No. 08/464,114 Claim 159, Reply to Office Action dated 1/28/2015 | PTO8-0074801 PTO8-0074839 - 0074840 |
| | Application No. 08/471,815 Claim 381, Reply to Office Action dated 1/27/2015 | PTO2-0087174 PTO2-0087300 - 0087301 |
| 17e. | Application No. 08/433,307 Claim 68, Reply to Office Action filed 10/7/2014 | PTO1-0014160 PTO1-0014196 - 0014197 |
| | Application No. 08/419,584 Claim 27, Reply to Office Action filed 10/10/2014 | PTO7-0062852 PTO7-0062882 - 0062884 |

Dated: July 19, 2017

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on July 19, 2017, the foregoing was delivered electronically to the following counsel for Plaintiff:

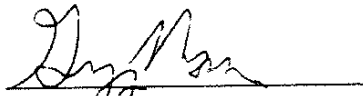
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I hereby declare under penalty of perjury that the foregoing responses to plaintiff's first set of Interrogatories (No. 1-7) are true and correct to the best of my knowledge, information, and belief.

July 19, 2017



Gregory Morse
Supervisory Patent Examiner, USPTO, GAU 2615

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

GILBERT P. HYATT,
Plaintiff,

v.

JOSEPH MATAL,
Defendant.

Civil Action No. 1:09-cv-1864 (RCL)
Civil Action No. 1:09-cv-1869 (RCL)
Civil Action No. 1:09-cv-1872 (RCL)
Civil Action No. 1:05-cv-2310 (RCL)

**DEFENDANT’S OPPOSITION TO PLAINTIFF’S MOTION TO
DE-DESIGNATE PTO DOCUMENTS AS PROTECTED**

Defendant (“the USPTO”) opposes Plaintiff Gilbert P. Hyatt’s Motion to De-Designate PTO Documents as Protected, *e.g.*, No. 05-2310, ECF No. 207-1 (“Motion”). The USPTO has agreed to de-designate many of the documents identified in Mr. Hyatt’s Motion. For example, as Mr. Hyatt knows, the USPTO does not claim “Protected” status for any document admitted into evidence at trial. And the USPTO has told Mr. Hyatt repeatedly that it does not claim protected status for any documents that are otherwise publicly available. Thus, the bulk of Mr. Hyatt’s Motion (which suggests that the USPTO is fighting over documents that are plainly public) is simply written to paint the USPTO as unreasonable, when it is not.

What is really at issue here is nothing new – whether Mr. Hyatt can make internal USPTO emails *that were not admitted into evidence at trial* public simply because he wants to use them as evidence of unclean hands, either in this Court or in the court of public opinion. He should not be permitted to do so for two reasons. First, as a condition to receiving these emails and other internal USPTO materials, Mr. Hyatt *already agreed* pursuant to the agreed-upon terms of the Stipulated Protective Orders governing these cases that such documents would be protected—i.e., not public. The Court should not permit Mr. Hyatt to effectively renegotiate the

terms of these agreed-upon protective orders, particularly at this late stage of the litigation after discovery and trial have concluded. Second, Mr. Hyatt already attempted to make these and other documents public at trial, the USPTO moved to exclude such evidence, and the Court granted the USPTO's motion. Then Mr. Hyatt again attempted to use some of these documents in his Findings of Fact and Conclusions of Law, and the Court again said no. Mr. Hyatt should not be permitted to re-litigate the Court's decisions under the guise of a protective order dispute, particularly given that the case has already concluded. The USPTO avers that litigating discovery issues *after trial*, particularly regarding documents excluded from evidence, is not an appropriate use of the government's or the Court's resources. Respectfully, the Motion should be denied.

I. There Is No Dispute Over Truly Public Documents

The USPTO previously (well before trial) agreed to de-designate many of the documents identified in Mr. Hyatt's Motion, as well as any other public documents or document subsequently admitted at trial. *See* Ex. A (Sept. 17, 2017 email from Philip Warrick to Paul Levine) ("As we have now repeatedly stated, the USPTO agrees to de-designate[] any otherwise publicly available documents in the PTO15 or PTO16 productions. There is no dispute on this point."). As such, Mr. Hyatt's complaints of "bulk" or "blanket" designations, including the inadvertent designations of some previously public materials in the over 1.5 million pages of discovery produced by the USPTO, misstate the parties' repeated communications on this topic. The September emails included in Exhibit 1 to Mr. Hyatt's Motion, for example, demonstrate that the USPTO was willing to work with Mr. Hyatt to identify and de-designate documents as necessary. *See, e.g.*, Motion Ex. 1 (Sept. 7, 2017, 3:17 PM email from Philip Warrick to Paul Levine) (asking Mr. Hyatt to bring to the USPTO's attention any "particular documents you believe to have been designated improperly"). And when Mr. Hyatt again raised this issue after

trial, the USPTO searched for and de-designated other documents, including the third-party communications, news articles, congressional bills, and other publicly available documents referenced on the first two pages of Mr. Hyatt's Motion. These designations were never in dispute and have no place in the present Motion.

Further, the USPTO has always agreed that any document admitted into evidence during the prosecution laches trial should be available to the public, including the PTX-85, PTX-87, PTX-88, PTX-99, PTX-138, PTX-139, PTX-152, and DX-255 exhibits identified in Mr. Hyatt's Motion. *See* Motion Ex. 1 (Sept. 7, 2017, 12:29 PM email from Philip Warrick to Paul Levine) ("Furthermore, regardless of how any documents have been designated under the protective orders, Judge Lamberth already has ordered that the 'trials in these cases will not be sealed,' and that we 'should expect evidence, hearings, and proposed findings of fact and conclusions of law to be available to the public.'" (quoting No. 09-1864, ECF No. 132)). Indeed, the Court's Order on this point was the result of many rounds of briefing in which Mr. Hyatt, not the USPTO, fought for broad confidentiality protections for any materials related to his pending patent applications. *See* No. 09-1864, ECF No. 132 (Memorandum and Order).

Despite Mr. Hyatt's characterizations of the meet and confer process, he has raised several specific complaints for the first time in his Motion. The USPTO has reviewed these specific documents and, as it did with other documents before, agrees to de-designate several of them, specifically the GATT/NAFTA Student's Handbook (PTX-270), requests for records disposition authority (PTX-273 through PTX-278), blank performance appraisals (PTX-270.01702-1827 and PTX-270.02021-2519), and a petition decision (PTX-270.00932-48). As previously offered, the USPTO will produce new versions of these documents without the "Protected" label. But, as discussed below, these are not the documents that are really in dispute.

II. Internal USPTO Documents, Such As Emails Between Senior Staff and Quasi-Judicial Officials Were and Are Properly Designated As Protected

The remaining disputed documents should not be made public because they were not the basis for the Court’s decision, were not publicly filed or otherwise disclosed (with the exception of the documents referenced in Mr. Hyatt’s opening statement, which are addressed below), were not introduced or admitted into evidence, and pursuant to the Stipulated Protective Orders in these cases, were properly designated as Protected. These documents include internal emails between USPTO employees, reports from internal USPTO databases (e.g., PALM record reports), and other internal USPTO documents. According to the Stipulated Protective Orders in these cases, “Protected” Material includes, among other things, “documents or things the Producing Party . . . believes in good faith is not generally known to others or readily available to the public and which the Producing Party . . . would not normally reveal to third parties except in confidence or has undertaken with others to maintain in confidence.” *E.g.*, No. 05-2310, ECF No. 40, ¶ 1. As explained in the emails attached to the Motion, these documents “reflect internal documents and communications of the USPTO, which are not generally available to the public, and which we generally maintain in confidence.” Motion Ex. 1 (Sept. 7, 2017, 12:20 PM email from Philip Warrick to Paul Levine). Mr. Hyatt argues that some of these documents “contain” otherwise public information, but that does not transform a confidential internal email, for example, into a public document. Mr. Hyatt more generally argues that all of these documents would be generally available to the public via the Freedom of Information Act (“FOIA”), which is not the relevant inquiry as addressed below.

III. Mr. Hyatt’s Motion Attempts to Re-Litigate the USPTO’s Motion *in Limine*

Having lost the motion *in limine* regarding “unclean hands,” Mr. Hyatt seeks to re-litigate the issue as a routine discovery dispute, when it is really a broad and premature FOIA challenge.

It is telling that the disputed documents consist of information either excluded or not introduced into evidence at trial. That Mr. Hyatt seeks the de-designation of these documents for reasons unrelated to these litigation matters is clear from communications with counsel. For example, in a letter sent to the USPTO after the close of trial, Mr. Hyatt's counsel argues that Mr. Hyatt "should be entitled to use them freely, for any purposes he chooses to do so." Motion Ex. 2 (Oct. 18, 2017 letter from Paul Levine to Philip Warrick). Likewise, an earlier email indicates a desire to use the USPTO's documents "as we see fit." Ex. A (Sept. 12, 2017 email from Paul Levine to Coke Stewart). Mr. Hyatt's timing further evidences the irrelevance of his Motion to the substantive matters before the Court. Mr. Hyatt did not even raise this issue until after the close of discovery, and he delayed filed his Motion until *after* securing a favorable verdict at trial.

Mr. Hyatt's Motion also appears to re-litigate the USPTO's motion *in limine* to exclude evidence of alleged USPTO misconduct or "unclean hands." *E.g.*, No. 05-2310, ECF No. 163. Specifically, the Court granted this motion, *see* Trial Tr. at 15:15-21 (Oct. 11, 2017 PM Session), after agreeing to consider a more detailed proposed order, *see* Trial Tr. at 16:11-17:6 (Oct. 6, 2017 AM Session), in which the USPTO proposed that "evidence and arguments from Plaintiff regarding 'unclean hands,' 'laches,' and USPTO delay" would be "excluded from trial," specifically including the various documents referenced in "Plaintiff's Opening Statement" as examples of the types of documents to be excluded. *E.g.*, No. 05-2310, ECF No. 189 (Second Revised Proposed Order). Having lost the opportunity to litigate unclean hands in Court, Mr. Hyatt apparently now seeks to litigate this dispute in the press, which the Protective Orders were designed to prevent: "Designated Material shall be used solely for this litigation, and shall not be used for any other purpose whatsoever." No. 09-1864, ECF No. 36, ¶ 6.

Although the D.C. Circuit recognizes a “strong presumption in favor of public access to judicial proceedings,” *EEOC v. Nat’l Children’s Ctr.*, 98 F.3d 1406, 1409 (D.C. Cir. 1996), the common law right of access “only applies to documents that are part of the judicial record,” and “[a] document is part of the judicial record if it is filed with the court and plays a role in the adjudicatory process.” *United States v. Ring*, 47 F. Supp. 3d 38, 41 (D.D.C. 2014) (citing *United States v. Hani El-Sayegh*, 131 F.3d 158, 163 (D.C. Cir. 1997)). Otherwise, “it is not part of the judicial record and is not subject to a common law right of access.” *Id.* at 41-42 (citing *SEC v. AIG*, 712 F.3d 1, 4 (D.C. Cir. 2013) (rejecting public access to documents where “the district court made no decisions about them or that otherwise relied on them”)). Here, like the document at issue in *Ring*, “[b]ecause the [document] was not filed with the court, was not admitted into evidence, and did not play a role in the adjudicatory process, neither a common law nor First Amendment right of access attaches.” *Ring*, 47 F. Supp. 3d at 42.

IV. The Stipulated Protective Orders – Not FOIA Standards – Control

Mr. Hyatt’s reliance on FOIA standards is misplaced. The availability of such documents pursuant to a FOIA request is neither at issue nor relevant to the relief sought by Mr. Hyatt. *See, e.g., Tereshchuk v. Bureau of Prisons*, 67 F. Supp. 3d 441, 453 (D.D.C. 2014) (Lamberth, J.) (“FOIA is not a substitute for discovery rules which govern civil and criminal litigation where “different considerations” are at issue.”) (quoting *Clay v. DOJ*, 680 F. Supp. 2d 239, 248 (D.D.C. 2010) (quoting *Stonehill v. IRS*, 558 F.3d 534, 538 (D.C. Cir. 2009))). Mr. Hyatt has not filed a FOIA request, and, if he did, it would be considered by appropriate FOIA officers at the USPTO.¹ Although Exemption 5 of the FOIA incorporates certain civil discovery privileges, it

¹ Should Mr. Hyatt pursue public disclosure of any “Protected” documents via the FOIA, this would necessitate a separate proceeding. *Citizens for Responsibility & Ethics in Washington v. DOJ*, 846 F.3d 1235, 1246 (D.C. Cir. 2017) (holding that “that FOIA is the proper vehicle for

“protects only those memoranda which would not *normally* be discoverable in civil litigation against an agency, whereas case-specific exceptions can sometimes permit discovery of otherwise privileged material.” *Stonehill*, 558 F.3d at 539 (internal quotation marks omitted) (emphasis added). Thus, the FOIA is distinct from civil discovery in a number of material respects. For example, “while information disclosed during discovery is limited to the parties and can be subject to protective orders against further disclosure, when a document must be disclosed under FOIA, it must be disclosed to the general public and the identity of the requester is irrelevant to whether disclosure is required.” *Id.* at 538-39.

Accordingly, when confronted with a similarly “novel” argument mistakenly relying on FOIA to defeat a district court protective order, the Second Circuit held that “the standards of the [FOIA] do not govern the district court’s protective order,” and expressly rejected appellants’ “intriguing theory” that “a court’s order to a federal agency to withhold records from the public is restricted solely to the reasons for withholding deemed permissible in the FOIA,” which the court characterized as an attempt to “elude the proper result reached by the district court.” *FDIC v. Ernst & Ernst*, 677 F.2d 230, 231-32 (2d Cir. 1982). “Nothing in the legislative history of the FOIA suggests that Congress intended the FOIA to apply to courts or to confidentiality orders issued in an action in which a federal agency is a party.” *Id.* at 232 (citing *GTE Sylvania, Inc. v. Consumers Union of the United States, Inc.*, 445 U.S. 375, 387 (1980)).²

CREW’s claim” and deferring the merits of that claim to “a different day and a different case”). Furthermore, FOIA litigants must first exhaust their administrative remedies before seeking relief through the courts. *Love v. FBI*, 660 F. Supp. 2d 56, 60 (D.D.C. 2009) (“Permitting a FOIA requester to pursue judicial review without benefit of prior consideration at the administrative appeal level would allow premature interference with agency processes and deprive the parties and the courts of both an adequate record for judicial review and the benefit of the agency’s experience and expertise.”).

² Mr. Hyatt also contends that he “may be entitled to production of [certain] documents pursuant to the Privacy Act,” Motion at 10, but his reliance is similarly misplaced. *See, e.g.*, 37A Am. Jur.

Moreover, Mr. Hyatt's Motion employs an unfair circular logic in which the government waives the agreed-upon protections of the Stipulated Protective Orders by producing documents pursuant to those very agreed-to provisions. Specifically, Mr. Hyatt contends not only that "a document that [he] could obtain through FOIA cannot be 'confidential' under the parties' protective order," but also that "the fact that the PTO produced the documents in discovery in this matter demonstrates that they are not subject to any exemptions under FOIA." Motion at 5-6. Neither of these statements is true, and the combination would effectively nullify the use of protective orders in any discovery matter involving the federal government.

Contrary to Mr. Hyatt's first assertion, no rule prevents the government from entering stipulated confidentiality and protective orders to file sensitive material under seal. *See EEOC v. Mattress Firm, Inc.*, No. 2:13-CV-1745-GMN, 2014 WL 7336089, at *4 (D. Nev. Dec. 22, 2014). "Such orders are routinely entered in cases involving public enforcement agencies like the [EEOC]. These orders . . . routinely contain provisions that permit a party to unilaterally designate a document as confidential." *Id.*; *see also Stonehill*, 558 F.3d at 539 (noting that "the stakes of disclosure are different" because, "unlike in civil discovery, there is no opportunity to obtain a protective order" (internal citation omitted)). Indeed, "it will almost always be possible to identify some combination of circumstances under which requested information [under FOIA]

2d Freedom of Information Acts § 28 (noting that "Courts have said that the Freedom of Information Act (FOIA) and the Privacy Act and their exemptions are irrelevant in the discovery context" and that "materials which are arguably subject to the FOIA and Privacy Act exemptions may still be discoverable" when, for example, "the very evidence necessary to prove unconstitutional conduct on the part of the government is in the government's hands," even though it "would be exempt in a separate action for disclosure under the FOIA" (internal footnotes omitted)); *accord United States v. Murdock*, 548 F.2d 599, 603 (5th Cir. 1977) ("We therefore hold that a criminal defendant has no supplementary discovery rights under these two statutes [FOIA and the Privacy Act] which would supersede the relevancy and materiality requirements of established discovery law.").

may appropriately be the subject of a [non-FOIA] protective order.” *Burka v. HHS*, 87 F.3d 508, 517 (D.C. Cir. 1996).

Moreover, the Stipulated Protective Orders in these cases contain agreed terms negotiated on behalf of Mr. Hyatt. Indeed, they permitted Mr. Hyatt to secure access to documents not normally available to patent applicants. *See* Motion Ex. 1 (Sept. 7, 2017, 3:17 PM email from Philip Warrick to Paul Levine) (“We have not determined that these materials could or should be produced to the public pursuant to a FOIA request The fact that we have made these documents concerning Mr. Hyatt’s patent applications available to Mr. Hyatt himself subject to the protections of a court order does not imply that we would provide them to other members of the public.”). Improperly conflating these schemes likely would make information less accessible to Mr. Hyatt, not more. *See, e.g., Mead Data Cent., Inc. v. U.S. Dep’t of Air Force*, 566 F.2d 242, 252 (D.C. Cir. 1977) (“A court’s decision in a discovery case may rest in part on an assessment of the particularized need of the party seeking discovery, but in a FOIA suit, the court does not consider the needs of the requestor.”). Moreover, “were we to permit wholesale access to the fruits of raw discovery it would increase the time and therefore the cost of litigating discovery disputes; every single item of information produced could potentially find its way into the public sphere and in every case there would always be some party that would rather that not happen and therefore would be inclined to litigate each contentious document.” *Pichler v. UNITE (Union of Needletrades, Indus. & Textile Employees AFL-CIO)*, No. CV 04-2841, 2008 WL 11363813, at *2 (E.D. Pa. Feb. 7, 2008), *aff’d*, 585 F.3d 741 (3d Cir. 2009).

And contrary to Mr. Hyatt’s second assertion that producing documents waives any exemptions under FOIA, “not all documents available in discovery are also available pursuant to FOIA.” *Stonehill*, 558 F.3d at 539. The law is well-established that the scope of documents

available pursuant to FOIA and the Federal Rules of Civil Procedure are not coextensive. *See, e.g., FTC v. Grolier Inc.*, 462 U.S. 19, 27-28 (1983) (rejecting the argument that if “documents would be discoverable in any particular litigation, they must be disclosed to anyone under the FOIA”). In *Stonehill*, for example, the IRS was not barred from withholding documents under a FOIA exemption in response to a taxpayer’s FOIA request, even though the IRS did not invoke the same underlying privilege claims in an ongoing discovery dispute in a different, non-FOIA case involving the same taxpayer. *See* 558 F.3d at 537, 539.³ This is particularly true for documents produced only to an adverse party pursuant to a protective order. *See Grolier*, 462 U.S. at 28 (“It is not difficult to imagine litigation in which one party’s need for otherwise privileged documents would be sufficient to override the privilege but that does not remove the documents from the category of the normally privileged.”); *Am. Fed’n of Gov’t Employees, Local 2782 v. U.S. Dep’t of Commerce*, 907 F.2d 203, 207 (D.C. Cir. 1990) (“That [certain documents] might be discoverable upon an adequate showing in litigation . . . does not imply that they are discoverable in a FOIA case.”). Indeed, that is precisely the situation here, where Mr. Hyatt secured discovery not normally available to Section 145 plaintiffs based in part on his claims that “special PTO policies . . . obstructed his applications being processed.” No. 05-2310, ECF No. 131 (Order on Laches Discovery), at 2.

³ *See also Romacorp, Inc. v. Prescient, Inc.*, No. 10-22872-CIV, 2011 WL 2312563, at *3 (S.D. Fla. June 8, 2011) (rejecting the FDIC’s argument that producing documents would waive FOIA objections: “This argument is inapposite. Judge Turnoff’s Order does not concern any request for documents or other information pursuant to the FOIA; rather, Plaintiff has requested documents and information pursuant to the Federal Rules of Civil Procedure. The FOIA disclosure regime is distinct from civil discovery. . . . If Romacorp eventually requests documents pursuant to the FOIA and/or brings a FOIA action against the FDIC, the FDIC may invoke any applicable exemptions.” (citing, *inter alia*, *Friedman v. Bache Halsey Stuart Shields, Inc.*, 736 F.2d 1336, 1344 (D.C. Cir. 1984))).

V. Mr. Hyatt Cannot Make Documents Public Simply Because They Relate to Him or His Patent Applications

Similarly, the fact that these documents contain information about Mr. Hyatt or his patent applications does not grant him unilateral authority to selectively disclose them to the world at large. Indeed, this Court recently rejected a similar argument, in which a FOIA litigant argued that information should be disclosed because it was “already known” to him. *Smith v. DOJ*, 115 F. Supp. 3d 48, 52 (D.D.C. 2015) (Lamberth, J.). The Court held that “this is of no material consequence and exhibits a basic misunderstanding about the FOIA because ‘when a document must be disclosed under FOIA, it must be disclosed to the general public and the identity of the requester is irrelevant to whether disclosure is required.’” *Id.* (quoting *Stonehill*, 558 F.3d at 538-39). That is particularly true in situations like this litigation, where Mr. Hyatt has fought vigorously to shield all information concerning his pending patent applications. And despite this Motion, he has not abandoned this effort. Rather, he seeks to selectively publish information that would benefit him, while simultaneously relying on statutory protections to prevent the USPTO from providing a complete picture of Mr. Hyatt’s applications and prosecution conduct, as well as the agencies efforts to accommodate him. Indeed, Mr. Hyatt proposed redactions to the Court’s prior summary judgment opinion, No. 09-1864, ECF No. 138 (Plaintiff’s Supplemental Status Report Regarding Redactions), and has delayed over six months in even proposing redactions for the briefs and supporting exhibits filed in connection with those summary judgment proceedings, thereby preserving their status under seal. *See* No. 09-1864, ECF No. 132, at 8 (“For motions and memoranda in support of motions, the Court will accept redacted copies of such documents to be disclosed on the public docket.”). Assuming he had waived the entirety of his protections under 35 U.S.C. § 122, which he does not agree that he has done, many of the USPTO documents reflect internal discussions not typically made available to the

public, including communications between the examiners (quasi-judicial officers) charged with handling Mr. Hyatt's applications. For that reason, the USPTO produced these documents subject to the Stipulated Protective Orders after the Court ordered this unusual discovery. *See* No. 05-2310, ECF No. 131 (Order on Laches Discovery).

VI. The Documents Related to Mr. Hyatt's Opening Statement Should Also Maintain Their "Protected" Designations

Finally, Mr. Hyatt contends that various internal USPTO documents (specifically PTX-615, PTX-272, PTX-115, PTX-119, PTX-124, PTX-131, PTX-133, and PTX-140) should be made public based on his use of a slide presentation referencing and partially showing them during his opening statement. *See* Motion at 8. According to Mr. Hyatt's Motion and his Opposition to the USPTO's Emergency Motion to Seal Protected Material, *e.g.*, No. 05-2310, ECF No. 212, use of or reference to a document – even indirectly – at trial forever surrenders any confidentiality previously held. That bright-line rule simply does not exist. Nor should a party be able to waive confidentiality by unilaterally and publicly showing documents that are subsequently excluded from evidence. The incentives that such a rule would create are awful.

For example, in *Nixon v. Warner Commc'ns, Inc.*, the Supreme Court held that “the right to inspect and copy judicial records is not absolute. Every court has supervisory power over its own records and files, and access has been denied where court files might have become a vehicle for improper purposes.” 435 U.S. 589, 598 (1978). In that case, the Court declined to release tape recordings of President Nixon to the public, despite the facts that “some 22 hours of taped conversations were played for the jury and the public in the courtroom”; that the “reels of tape containing conversations played for the jury were entered into evidence”; and that the “transcripts were . . . widely reprinted in the press.” *Id.* at 594, 608; *see also In re Exide Techs.*, 340 B.R. 222, 240 n.26 (Bankr. D. Del. 2006) (sealing an exhibit used at trial “and any testimony

relating thereto,” making it “available only to the Court and to counsel for the parties”), *vacated on other grounds*, 607 F.3d 957 (3d Cir. 2010).

The USPTO of course does not equate its internal documents with recordings of the President, but *Nixon* and other cases establish the possibility of preserving protections for sensitive information following partial disclosure at a public trial. For example, the First Circuit has recognized that, in appropriate circumstances, “material introduced at trial can be safeguarded against disclosure afterwards,” including where the material “might be offered in public but be hard to replicate without a transcript.” *Poliquin v. Garden Way, Inc.*, 989 F.2d 527, 533 (1st Cir. 1993). That was certainly the case with the Nixon tapes, and the same could be said of documents, which were only partially reproduced in Mr. Hyatt’s slide presentation, and which were not separately offered into evidence or disclosed at trial. It is far different to have a fleeting view of a document during argument and to have a document made part of the public record, as Mr. Hyatt is attempting to do by attaching it to his Motion.

In another case, a district court held that “[n]o waiver was effected by [a party’s] failure to ask the court to seal the courtroom during the trial.” *Jochims v. Isuzu Motors, Ltd.*, 151 F.R.D. 338, 341-42 & n.6 (S.D. Iowa 1993) (noting that “the public good would be substantially disserved if the introduction of a document in a civil trial deprived it of its otherwise confidential status”). In the *Jochims* case, asking the court to seal the courtroom “was unnecessary as most, if not all, of the few attendees at the trial were family and friends of the parties,” and “steps were taken to ensure that the confidential status of documents designated pursuant to the protective order was maintained notwithstanding their use at trial.” *Id.* at 341 & n.6. Likewise, to the best of the USPTO’s knowledge, no third party was present for the opening statements in these cases, and while the USPTO did not object to Mr. Hyatt’s opening statement, such documents had

already been objected to in its motion *in limine*, which had been raised repeatedly, remained pending at the time of Mr. Hyatt's opening, and ultimately was granted by the Court. Moreover, the USPTO would have opposed the marking or submission into evidence of the slide presentation, which had snippets of the documents. Indeed, the USPTO filed an emergency motion to seal that very document when Mr. Hyatt, in the USPTO's view, improperly filed it as a public exhibit to the very Motion seeking to de-designate the documents referenced therein. *See* No. 05-2310, ECF No. 210 (Defendant's Emergency Motion to Seal Protected Information Filed by Plaintiff). Further, the use of the slide presentation and its subsequent filing were initiated by the Plaintiff, which obviously is distinguishable from cases where counsel divulged his own client's secrets. *See Cobell v. Norton*, 213 F.R.D. 16, 24 (D.D.C. 2003) (holding that counsel "destroyed any semblance of confidentiality that may have attached to these conversations during the December 17 hearing when he described for the Court the time, manner, and substance of these conversations").

Moreover, the underlying documents in question relate solely to Mr. Hyatt's excluded "unclean hands" defense, and the Court refused to permit Mr. Hyatt to rely on these documents in his proposed findings. Because these documents relate to Mr. Hyatt's allegations of USPTO misconduct, which the Court specifically excluded from evidence, they necessarily form no basis for the judgments to be rendered in these cases. And, as previously addressed, the D.C. Circuit has held that "what makes a document a judicial record and subjects it to the common law right of access is the role it plays in the adjudicatory process." *El-Sayegh*, 131 F.3d at 163 (reversing district court decision denying motion to withdraw plea agreement from the court's docket). As in *El-Sayegh*, the slide presentation here (much less the underlying documents) "has played no role in any adjudicatory function—save, of course, those functions relating to its very

disclosure.” *Id.* As such, the need for public access is greatly diminished. *See, e.g., Richardson v. Mylan Inc.*, No. 09-CV-1041-JM WVG, 2011 WL 837148, at *2 (S.D. Cal. Mar. 9, 2011) (sealing portions of a jury trial transcript where “the information at issue is of comparatively little value to the general public in terms of enhancing its understanding [of] the judicial process; because Defendants seek to seal relatively small portions of the overall trial transcript, and because those portions do not include any information vital to understanding the nature of the underlying proceedings” (internal quotation marks omitted)). Because the public need not access these documents to understand the Court’s determination on prosecution laches, and because the USPTO holds a strong interest in preserving internal documents concerning pending patent applications, the balance weighs in favor of preserving confidentiality.

For all of the foregoing reasons, the USPTO respectfully requests that the Court deny Plaintiff’s Motion.

Dated: November 21, 2017

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on this 21st day of November 2017, the attached was electronically served to counsel for plaintiff via ECF.

/s/ Philip Warrick
PHILIP WARRICK
Special Assistant United States Attorney

EXHIBIT A

Civil Action No. 09-1864 (RCL)

Civil Action No. 09-1869 (RCL)

Civil Action No. 09-1872 (RCL)

Civil Action No. 05-2310 (RCL)

Graham, Krishawn

From: Warrick, Philip
Sent: Wednesday, September 13, 2017 11:16 AM
To: Levine, Paul M.
Cc: McBride, Robert; Grossman, Andrew M; DeLaquil, Mark; Stewart, Coke
Subject: RE: Hyatt v. Matal: Confidentiality Designations

Paul,

As we have now repeatedly stated, the USPTO agrees to de-designate any otherwise publicly available documents in the PTO15 or PTO16 productions. There is no dispute on this point.

As to the internal USPTO documents of PTO15 or PTO16, I'm confused by your response to Coke's email, which appears to employ a circular logic in which the government's very act of producing documents pursuant to the confidentiality terms of a Court order voids any protections afforded by those same stipulated protective order provisions. We do not agree. As clearly articulated in my email of September 7, 2017, the USPTO designated these materials according to the terms negotiated by the parties and signed by the Judge. *See, e.g.*, Case No. 05-2310, ECF No. 40, ¶ 1 (defining "Protected" material to include, among other things, "documents or things the Producing Party . . . believes in good faith is not generally known to others or readily available to the public and which the Producing Party . . . would not normally reveal to third parties except in confidence or has undertaken with others to maintain in confidence"). These mutually agreed terms provide the basis for the USPTO's designations of internal communications and documents, which generally are maintained in confidence and not released to the public. To the extent you have legal authority to the contrary, please provide it for our consideration.

That Section 122 may provide additional justifications for keeping some of these documents confidential does not provide Mr. Hyatt with unilateral authority to waive any confidentiality held by the USPTO in its own internal communications, much less selectively shield his own interactions with the USPTO while publicly disclosing internal agency communications or documents that may or may not bear directly on his pending applications.

Moreover, this eleventh-hour push to narrow the scope of the protective orders is – as previously noted – both confusing and unnecessary. First, Mr. Hyatt's request is confusing because Mr. Hyatt himself repeatedly has fought for overly broad protection of *any* documents concerning his applications. *See, e.g.*, Case No. 09-1864, ECF No. 79 (asking the Court to "maintain[] under seal any information related to plaintiff's patent applications or their prosecution histories that has not already been made public"). Indeed, despite the Court ordering Mr. Hyatt over four months ago to propose redactions for the various motions and memoranda filed in these cases to facilitate disclosure of these documents on the public docket, *e.g.*, Case No. 09-1864, ECF No. 132, at 8, we have yet to receive even a draft set of redactions. Does Mr. Hyatt no longer seek protection for these filings? And second, Mr. Hyatt's request is unnecessary in view of the same Court Order. As you appear to acknowledge, this Order provides that the trial "will not be sealed" and that "evidence, hearings, and proposed findings of fact and conclusions of law [will] be available to the public." *Id.* at 7. Thus, we do not understand the need for this dispute, as it appears the Judge already has concluded that such documents may be used publicly at trial. To the extent that Mr. Hyatt seeks to disclose such documents outside the courtroom, the protective orders exist precisely to police parties' use of confidential materials "as we see fit." Please confirm that neither you nor Mr. Hyatt has disseminated any "Protected" materials in violation of these orders.

Regards,
 Phil

From: Levine, Paul M. [mailto:pmlevine@bakerlaw.com]

Sent: Tuesday, September 12, 2017 9:30 PM

To: Stewart, Coke <Coke.Stewart@uspto.gov>

Cc: McBride, Robert <Robert.McBride@USPTO.GOV>; Grossman, Andrew M <agrossman@bakerlaw.com>; DeLaquil, Mark <mdeLaquil@bakerlaw.com>; Warrick, Philip <Philip.Warrick@USPTO.GOV>

Subject: RE: Hyatt v. Matal: Confidentiality Designations

Coke-

As my prior emails detailed below, many of the PTO15 documents are actually available publicly that the PTO has, en masse, marked as protected. For those documents, we seek that the protections PTO has placed on documents contained in PTO15 and PTO16 be removed.

As to the remaining documents in the PTO15 and PTO16 series, those materials were stamped protected by the PTO under the protective order improperly. The PTO's obligation under section 122 is separate and apart from its ability to designate those documents as protected under the Protective Order in a litigation against Gilbert Hyatt.

That said, we may be able to resolve the issue of the remaining documents in the PTO15 and PTO16 series without litigation. If the PTO's only basis for asserting protection was its belief that the documents contained Mr. Hyatt's information, the protective order does not prohibit Mr. Hyatt from using his own information and we do not need the PTO's permission to use these documents as we see fit. However, the PTO would be bound, under the protective order, to prevent further dissemination of Mr. Hyatt's materials absent waiver of the protection. The parties and if necessary the Court will then, within the boundaries of the protective order and the Court's order regarding sealing of materials, decide which of the designated materials may be used in open court. If you disagree with this reading of the protective order, please state the basis of your disagreement.

Please note that if the PTO has asserted confidentiality of the PTO15 and PTO16 series under some other basis, then we believe doing so would be improper – the federal government does not have the ability to mark as confidential documents it produces in litigation; otherwise, it would withhold such documents from production.

Finally, Mr. Hyatt does not waive his rights under section 122 as to the documents produced in the PTO15 and PTO16 series, regardless of how those documents are or are not designated under the protective order. The PTO does not have authority to use section 122 to restrict Mr. Hyatt's use of documents that are subject to its protections because they reference his patent applications.

Paul

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From: Stewart, Coke [mailto:Coke.Stewart@uspto.gov]

Sent: Friday, September 08, 2017 12:16 PM

To: Levine, Paul M.
Cc: McBride, Robert; Grossman, Andrew M; DeLaquil, Mark; Warrick, Philip
Subject: RE: Hyatt v. Matal: Confidentiality Designations

Hi Paul,

Phil is out of the office. It is not clear what this relates to. A filing? Use at trial? Is there a particular document that has to be resolved today? And why are we trying to resolve this today when Pre-Trial Statements are due today? Mr. Hyatt has been driving the confidentiality protections of this case for years, therefore we find this last-minute demand very confusing.

Also, is Hyatt willing to waive 122 as to his applications? Or is he trying to pick and choose documents related to his applications to waive? We need this information to analyze this request. Releasing certain documents may result in a waiver of the confidentiality of his applications. Would he be okay with that?

FOIA requests are handled by a different group within the PTO, so if you want to separately file a FOIA request for a group of documents, that is a different animal. I cannot imagine that we would produce documents about an applicant or application in a FOIA request, particularly if the related applications are confidential. Additionally, this potentially requires Director involvement under Section 122(a) and (b).

Notwithstanding FOIA, your client, and by extension you, have agreed in the protective order to keep certain documents confidential. Are you suggesting that the POs in all of the cases be amended? Because documents have been produced with that agreed-to understanding.

We also have numerous documents filed with the Court with confidentiality designations that remain unresolved. What is the status on that? It seems like you are making a eleventh hour demand to change USPTO confidentiality designations immediately without addressing already pending issues about Mr. Hyatt's designations that require resolution, which seems unreasonable.

Answering some of these questions might advance the ball. But Phil is the person handling this and we are working on the Pre-Trial Statement due today, so unless this is an emergency of some sort, please discuss with Phil on Monday when he returns.

Thanks,
Coke

From: Levine, Paul M. [<mailto:pmlevine@bakerlaw.com>]
Sent: Friday, September 08, 2017 9:41 AM
To: Warrick, Philip <Philip.Warrick@USPTO.GOV>
Cc: Stewart, Coke <Coke.Stewart@uspto.gov>; McBride, Robert <Robert.McBride@USPTO.GOV>; Grossman, Andrew M <agrossman@bakerlaw.com>; DeLaquil, Mark <mdelaquil@bakerlaw.com>
Subject: RE: Hyatt v. Matal

Phil-

I am unclear as to what you are referencing below in relation 35 USC 122. Are you saying that the PTO has disclosed materials related to applicants other than Mr. Hyatt under the protective order?

If the only material disclosed concerns Mr. Hyatt, we see no basis to designate that material confidential (particularly those in PTO16) if Mr. Hyatt is willing to waive that protection. That position is detailed in my correspondence below.

Please advise if the PTO agrees or disagrees.

Thanks,

Paul

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From: Warrick, Philip [<mailto:Philip.Warrick@USPTO.GOV>]

Sent: Thursday, September 7, 2017 3:17 PM

To: Levine, Paul M. <pmlevine@bakerlaw.com>

Cc: Stewart, Coke <Coke.Stewart@uspto.gov>; McBride, Robert <Robert.McBride@USPTO.GOV>; Grossman, Andrew M <agrossman@bakerlaw.com>; DeLaquil, Mark <mdelaquil@bakerlaw.com>

Subject: RE: Hyatt v. Matal

Paul,

To clarify my previous email, we agree to re-designate any communications with third parties or otherwise publicly available documents, as these types of documents do not require “Protected” status under the protective orders. Although fact discovery has been closed for nearly two weeks, and while this issue could have been raised much earlier in the litigation, we would agree to review our PTO15 and PTO16 productions to identify and re-designate any such documents, including the SAWS materials previously released pursuant to a FOIA request (PTO15-0004804 through PTO150008916). This review will take some time, of course, particularly in view of the pretrial statements due tomorrow. If there are particular documents you believe to have been designated improperly, bringing such documents to our attention would expedite the process.

Regarding internal USPTO documents and communications produced in PTO16, for example, the parties agreed to the language defining “Protected” materials in the stipulated protective orders governing these cases, and we have relied on that protection in producing documents in this litigation. Contrary to your email, we have not determined that these materials could or should be produced to the public pursuant to a FOIA request, particularly because many of these documents relate to patent applications subject to the confidentiality requirements of Section 122. The fact that we have made these documents concerning Mr. Hyatt’s patent applications available to Mr. Hyatt himself subject to the protections of a court order does not imply that we would provide them to other members of the public. Indeed, Mr. Hyatt has argued for broad confidentiality protection for any materials related to his unpublished patent applications.

Again, to the extent you wish to use any “Protected” materials at trial, we understand the Court to have resolved that issue. If you disagree, please let us know.

Regards,
Phil

From: Levine, Paul M. [<mailto:pmlevine@bakerlaw.com>]

Sent: Thursday, September 07, 2017 12:42 PM

To: Warrick, Philip <Philip.Warrick@USPTO.GOV>

Cc: Stewart, Coke <Coke.Stewart@uspto.gov>; McBride, Robert <Robert.McBride@USPTO.GOV>; Grossman, Andrew M

<agrossman@bakerlaw.com>; DeLaquil, Mark <mdelaquil@bakerlaw.com>

Subject: RE: Hyatt v. Matal

Phil-

Those were but a few examples. Also contained in the PTO15 series are Congressional bills, other communications with Congress, SAWS materials (which note in the production that they were released in June 2016, presumably pursuant to a FOIA request), and patents granted – all of which are available to the public. Claiming indiscriminately protection under the Protective Order for these materials is improper. And making us identify that these materials are not covered by the Protective Order is shifting the burden to us improperly.

As for the PTO16 series, the PTO (as a Government agency) has no right to claim confidentiality. In addition, you have produced each and every document to us without claiming deliberative process or any other privileges over them. The PTO thus has determined that these materials (except for protection to Hyatt as an individual, which is inapplicable in these litigation) could be produced pursuant to a FOIA request. There is no reason that the PTO should be entitled to protect such materials as confidential business processes in these circumstances.

Please let us know when you can discuss today.

Thanks,

Paul

From: Warrick, Philip [<mailto:Philip.Warrick@USPTO.GOV>]

Sent: Thursday, September 7, 2017 12:29 PM

To: Levine, Paul M. <pmlevine@bakerlaw.com>

Cc: Stewart, Coke <Coke.Stewart@uspto.gov>; McBride, Robert <Robert.McBride@USPTO.GOV>; Grossman, Andrew M <agrossman@bakerlaw.com>; DeLaquil, Mark <mdelaquil@bakerlaw.com>

Subject: RE: Hyatt v. Matal

Paul,

We agree that any documents constituting communications with third parties need not be designated as protected, including the two documents identified in your email. If you have identified other such documents, please let us know.

We do not agree, however, that the entirety of our PTO15 and PTO16 productions were improperly designated. These productions primarily reflect internal documents and communications of the USPTO, which are not generally available to the public, and which we generally maintain in confidence. According to the stipulated protective orders in these cases, “Protected” Material includes, among other things, “documents or things the Producing Party or Receiving Party believes in good faith is not generally known to others or readily available to the public and which the Producing Party or Receiving Party (i) would not normally reveal to third parties except in confidence or has undertaken with others to maintain in confidence.” *E.g.*, Case No. 05-2310, ECF No. 40, ¶ 1. Should you disagree that this definition applies to specific documents within our production, please identify them so that we may consider your position.

We do agree that Mr. Hyatt may reference these documents – including those designated as “Protected” – in his communications with the USPTO. Furthermore, regardless of how any documents have been designated under the protective orders, Judge Lamberth already has ordered that the “trials in these cases will not be sealed,” and that we “should expect evidence, hearings, and proposed findings of fact and conclusions of law to be available to the public.” *E.g.*, Case No. 09-1864, ECF No. 132. As such, we understand that a “Protected” designation does not preclude the use of either party’s documents at the trial, which will be open to the public.

Regards,
Phil

From: Levine, Paul M. [<mailto:pmlevine@bakerlaw.com>]
Sent: Wednesday, September 06, 2017 10:38 AM
To: Warrick, Philip <Philip.Warrick@USPTO.GOV>
Cc: Stewart, Coke <Coke.Stewart@uspto.gov>; McBride, Robert <Robert.McBride@USPTO.GOV>; Grossman, Andrew M <agrossman@bakerlaw.com>; DeLaquil, Mark <mdelaquil@bakerlaw.com>
Subject: RE: Hyatt v. Matal

Phil-

With respect to Mr. Hyatt's patent application files, that constitutes Mr. Hyatt's information. We can use the information in Mr. Hyatt's file histories as we see fit – it is the PTO who has to protect that information from disclosure.

Instead, we are specifically discussing the emails and other documents (beyond the patent application file histories) that the PTO produced in this case. Those materials were blanket designated by the PTO as protected without regards to whether they actually contain protected information. For example, the PTO designated as protected information materials it released to Congress (PTO15-0014802) and information it released to third parties (PTO15-0014804). The PTO has previously improperly redacted documents, such as PTO16-00000832, 834, and 837. These are just examples and not meant to be exclusive.

We are challenging every document outside the patent file histories, which should be the entirety of the PTO15 and PTO16 productions (except for Mr. Hyatt's payment information, which, again, is his information). The Confidentiality Order makes it incumbent upon the PTO to justify the basis for any designated document. It does not require Mr. Hyatt to demonstrate the basis for any challenge. There should be no debate that Mr. Hyatt can use these materials at the PTO, but the PTO is also not allowed to protect this information from further disclosure. Please advise when you are available to meet and confer to discuss further if you do not agree.

Paul

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From: Warrick, Philip [<mailto:Philip.Warrick@USPTO.GOV>]
Sent: Wednesday, September 6, 2017 10:17 AM
To: Levine, Paul M. <pmlevine@bakerlaw.com>
Cc: Stewart, Coke <Coke.Stewart@uspto.gov>; McBride, Robert <Robert.McBride@USPTO.GOV>; Grossman, Andrew M

<agrossman@bakerlaw.com>; DeLaquil, Mark <mdelaquil@bakerlaw.com>

Subject: RE: Hyatt v. Matal

Paul,

Regarding your first request, the USPTO would agree to de-designate the entirety of the administrative records for Mr. Hyatt's patent applications if this would address his concerns. Please confirm.

Regarding your second request, it is difficult to respond without knowing which particular documents are at issue. Please identify the specific documents that you believe should be de-designated, and we will consider your request.

Regards,
Phil

From: Levine, Paul M. [<mailto:pmlevine@bakerlaw.com>]

Sent: Tuesday, September 05, 2017 6:10 PM

To: Warrick, Philip <Philip.Warrick@USPTO.GOV>

Cc: Stewart, Coke <Coke.Stewart@uspto.gov>; McBride, Robert <Robert.McBride@USPTO.GOV>; Grossman, Andrew M <agrossman@bakerlaw.com>; DeLaquil, Mark <mdelaquil@bakerlaw.com>

Subject: Hyatt v. Matal

Phil-

I am writing regarding the PTO's designation of nearly its entire record as "Protected." We believe that, notwithstanding these designations, that Mr. Hyatt can reference these documents in his communications with the PTO regarding the still pending issues in dispute. Please advise if the PTO disagrees.

In addition, we also believe that many of the designations, particularly (but not just those) relating to the email correspondence produced by the PTO were designated in an overly broad way. These materials, to the extent they do not reference applicants other than Mr. Hyatt (many of whom were already redacted), should not be labeled as Protected. Again, please advise if the PTO disagrees.

Let us know by close of business tomorrow so that we can discuss these issues and raise with the Court, if need be.

Paul

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Exhibit MM

19.
53

| | | | |
|--------|---|--------|--|
| 1 | A Charleston, South Carolina. | 1 | Hyatt's cases did you share with Mr. Keamy in that |
| 2 | Q And what is your current employment, if | 2 | first call? |
| 3 | any? | 3 | A I told him that that was a really long |
| 4 | A I'm retired. | 4 | time ago and I didn't recall anything about those |
| 5 | Q When were you first contacted by someone | 5 | cases. |
| 6 | affiliated with Mr. Hyatt regarding this case? | 6 | Q And did he share any information with |
| 7 | A Approximately three to four weeks ago. | 7 | you about the Hyatt litigation? |
| 8 | Q And who contacted you? | 8 | A He told me some of the background of it, |
| 9 | A Mr. John Keamy. | 9 | yes. |
| 10 | Q And had you ever been contacted by | 10 | Q Did he share any documents with you? |
| 11 | anyone affiliated with Mr. Hyatt prior to that | 11 | A Yes, he did. |
| 12 | contact three to four weeks ago? | 12 | Q Which documents. |
| 13 | A No. | 13 | MR. LEVINE: I'm going to object to that |
| 14 | Q And Mr. Keamy, did he contact you by | 14 | and instruct you not to answer as the documents |
| 15 | phone? | 15 | we've provided, the witness constitute work |
| 16 | A Yes. | 16 | product as we've outlined in our response to your |
| 17 | Q And what was the nature of that | 17 | motion in limine. |
| 18 | conversation? | 18 | BY MS. STEWART: |
| 19 | MR. LEVINE: Hold on one second. As | 19 | Q And how did he share those documents |
| 20 | we've said previously, we don't object to the | 20 | with you, over email? |
| 21 | defendant's inquiring about conversations between | 21 | A Email. |
| 22 | the witness and plaintiffs provided that does not | 22 | Q And approximately how many documents did |
| Page 5 | | Page 7 | |
| 1 | constitute subject matter waiver over other types | 1 | he share with you? |
| 2 | of communications based on the work product | 2 | A Three or four. |
| 3 | exception. | 3 | Q Did he offer to retain you as a |
| 4 | MS. STEWART: Sure, that's fine. | 4 | consultant at that time? |
| 5 | BY MS. STEWART: | 5 | A Yes. |
| 6 | Q What was the subject matter of that | 6 | Q And what were the terms of that offer? |
| 7 | conversation? | 7 | A I would be paid for my time. |
| 8 | A This case, the Hyatt case. | 8 | Q And approximately how much per hour? |
| 9 | Q The pending litigation? | 9 | A \$400. |
| 10 | A The pending litigation, yes. | 10 | Q And did you agree to serve as a |
| 11 | Q And what did he discuss regarding the | 11 | consultant? |
| 12 | pending litigation? | 12 | A Yes. |
| 13 | A He wanted to know my involvement in it. | 13 | Q And did you sign a consulting agreement? |
| 14 | Q Involvement in this litigation? | 14 | A Yes. |
| 15 | A No, involvement with the Hyatt cases. | 15 | Q When did you sign that agreement? |
| 16 | Q And what did you tell him about that? | 16 | A I signed that agreement probably maybe |
| 17 | A I told him that I had little | 17 | three weeks ago. |
| 18 | recollection of those cases. | 18 | Q Did you sign more than one version of |
| 19 | Q Did you discuss anything else in that | 19 | the consulting agreement? |
| 20 | call? | 20 | A No. |
| 21 | A Not that I can remember, no. | 21 | Q Did you have any further telephone calls |
| 22 | Q And what, if any, recollection of Mr. | 22 | with Mr. Keamy? |
| Page 6 | | Page 8 | |

| | | | |
|---------|--|---------|--|
| 1 | A Yes. | 1 | A No. |
| 2 | Q And when was the second call? | 2 | Q Have you had any in person meetings with |
| 3 | A A couple of weeks ago. | 3 | Mr. Keamy? |
| 4 | Q What was the subject matter of that | 4 | A No. |
| 5 | call? | 5 | Q Across these three or four calls with |
| 6 | A Basically, the same that we discussed | 6 | Mr. Keamy, what was the cumulative duration of |
| 7 | before. He asked me more questions and also he | 7 | those calls? |
| 8 | was, he just asked me more questions about the -- | 8 | A Cumulative duration was probably a |
| 9 | Q About what? | 9 | couple of hours. |
| 10 | A About the case. | 10 | Q And how many hours have you incurred |
| 11 | Q Did he share more documents with you at | 11 | worth of consulting services for Mr. Hyatt in this |
| 12 | that time? | 12 | matter? |
| 13 | A Yes, he did. | 13 | A To date, maybe ten. |
| 14 | Q Approximately how many documents? | 14 | Q And have you been paid for that time? |
| 15 | A Approximately three documents. | 15 | A No, I have not. |
| 16 | Q Did those documents refresh your | 16 | Q And have you spoken to anyone else who |
| 17 | recollection as to any of the facts regarding Mr. | 17 | works for Mr. Hyatt other than Mr. Keamy? |
| 18 | Hyatt's applications? | 18 | A His associate, Mark. What's his last |
| 19 | A No. | 19 | name? |
| 20 | Q Did you have another telephone call with | 20 | MR. LEVINE: You're the witness. |
| 21 | Mr. Keamy? | 21 | MS. STEWART: DeLaquil? |
| 22 | A Yes. | 22 | THE WITNESS: Yes, sorry. |
| Page 9 | | Page 11 | |
| 1 | Q When was that? | 1 | BY MS. STEWART: |
| 2 | A About a week ago. | 2 | Q That's all right. There are a lot of |
| 3 | Q And what was the subject matter of that | 3 | different people involved. |
| 4 | call? | 4 | MR. LEVINE: She doesn't want my |
| 5 | A It was a continuation of our earlier | 5 | testimony, I promise you. |
| 6 | discussion. | 6 | THE WITNESS: Yeah. |
| 7 | Q Which was questions about Mr. Hyatt's | 7 | BY MS. STEWART: |
| 8 | pending applications? | 8 | Q And when did you speak with Mr. |
| 9 | A Yes. | 9 | DeLaquil? |
| 10 | Q Did you discuss any applications that | 10 | A He was on a couple of the calls with Mr. |
| 11 | you had worked on yourself? | 11 | Keamy. |
| 12 | A No. | 12 | Q Did you ever have occasion to speak with |
| 13 | Q Did you have a subsequent phone call | 13 | Mr. DeLaquil other than the calls with Mr. Keamy? |
| 14 | with Mr. Keamy? | 14 | A Yes. |
| 15 | A Yes. | 15 | Q When did you first speak with him |
| 16 | Q When was that? | 16 | without Mr. Keamy? |
| 17 | A That was to ask if I would come here and | 17 | A Yesterday. |
| 18 | be deposed. | 18 | Q What was the subject matter of that |
| 19 | Q Have you ever been deposed before? | 19 | call? |
| 20 | A No. | 20 | A This deposition. |
| 21 | Q Have you had any other telephone calls | 21 | Q And what, if any documents, did you |
| 22 | with Mr. Keamy? | 22 | review to prepare for the deposition? |
| Page 10 | | Page 12 | |

| | | | |
|---------|---|---------|---|
| 1 | A I didn't review any documents to | 1 | Q What was the area of technology? |
| 2 | prepare. | 2 | A I started in measuring and testing. |
| 3 | Q Did you talk to anyone other than Mr. | 3 | Q And how long did you stay in that |
| 4 | DeLaquil or Mr. Keamy who was retained by Mr. | 4 | position? |
| 5 | Hyatt? | 5 | A Until I was a primary examiner, |
| 6 | A Mr. Hyatt was on one of the calls. | 6 | approximately seven to eight years. |
| 7 | Q Do you recall which call he was on? | 7 | Q And did you stay with that technology in |
| 8 | A I think the second call. | 8 | the measuring and testing? |
| 9 | Q Did you ever receive a subpoena in this | 9 | A No, I also examined fiber optics. |
| 10 | matter? | 10 | Q Anything else while you were junior |
| 11 | A No. | 11 | examiner other than measuring and testing and |
| 12 | Q Have you offered to appear at trial | 12 | fiber optics? |
| 13 | voluntarily? | 13 | A Not that I can remember. |
| 14 | A The subject hasn't come up. | 14 | Q So, you became a primary examiner in |
| 15 | Q Do you intend to testify in the trial of | 15 | approximately 1980? |
| 16 | this matter if asked? | 16 | A I became a primary examiner after six |
| 17 | A If asked, I would. | 17 | years so that was 1979. |
| 18 | MS. STEWART: Stop that. | 18 | Q And how long did you hold that position? |
| 19 | MR. LEVINE: I apologize. For the | 19 | A I stayed as a primary examiner for |
| 20 | record, I was tapping my fingers on the table. | 20 | approximately two to three years and then I was |
| 21 | BY MS. STEWART: | 21 | detailed to Rene Tegtmeyer's office who was the |
| 22 | Q Why don't we back up a little bit and | 22 | Commissioner at that time. |
| Page 13 | | Page 15 | |
| 1 | talk about your education starting with college. | 1 | Q Commissioner of Patents? |
| 2 | A Okay. I have a BS in electrical | 2 | A Not the Commissioner of Patents of the |
| 3 | engineering from the University of Michigan. I | 3 | Examining Core. |
| 4 | graduated in 1972. I took a job as a patent | 4 | Q And that was in approximately 1981? |
| 5 | examiner at the USPTO in 1973. | 5 | A Yes. |
| 6 | Q Where did you attend college? | 6 | Q He was the head of the examining core. |
| 7 | A The University of Michigan. | 7 | What was his name? |
| 8 | MR. LEVINE: I just also want to note | 8 | A Rene Tegtmeyer. |
| 9 | for the record that as an Ohio State graduate, I | 9 | Q And how do you spell his name? |
| 10 | won't hold that against you. | 10 | A T-E-G-T-M-E-Y-E-R. |
| 11 | MS. STEWART: We'll talk about that more | 11 | Q Okay. Just to back up a little bit, when |
| 12 | off the record. I was a Duke graduate. I won't | 12 | you were a primary examiner before you took that |
| 13 | hold it against you either. | 13 | detail, was it still in the area of testing and |
| 14 | BY MS. STEWART: | 14 | fiber optics? |
| 15 | Q So, 1973 you started working at the | 15 | A It was the area of fiber optics, yes. |
| 16 | USPTO? | 16 | Q Okay. The same group? |
| 17 | A Yes. | 17 | A Yes. |
| 18 | Q And was that as a junior patent | 18 | Q And how long was your detail with Mr. |
| 19 | examiner? | 19 | Tegtmeyer? |
| 20 | A It was. | 20 | A It was probably about two to three |
| 21 | Q And what art group were you in? | 21 | years. |
| 22 | A 250. | 22 | Q And what was your responsibilities in |
| Page 14 | | Page 16 | |

| | | | |
|---------|--|---------|--|
| 1 | that position? | 1 | Q Where was your office located at that |
| 2 | A Basically, what he wanted me to do. | 2 | time? |
| 3 | Q Was it policy work? | 3 | A 1425 K Street. |
| 4 | A Policy work and at the time, we were | 4 | Q And when did you -- and did you have any |
| 5 | developing a model for measuring pendency, I | 5 | employment after your job with Fish and |
| 6 | helped with that. | 6 | Richardson? |
| 7 | Q And then what was your next position? | 7 | A No. |
| 8 | A PALM administrator. | 8 | Q Have you ever been a consultant in a |
| 9 | Q And that started approximately 1981? | 9 | litigation? |
| 10 | A Yes, 1981 1982. | 10 | A No. |
| 11 | Q What were your responsibilities as PALM | 11 | Q Turning back to your time as a TC |
| 12 | administrator? | 12 | director, what were your responsibilities as a TC |
| 13 | A I was the liaison between the examining | 13 | director? |
| 14 | core and IT and my responsibilities were to make | 14 | A My responsibilities as a TC director |
| 15 | sure the system was running right, that any new | 15 | were to monitor the quality of the examiners under |
| 16 | enhancements, the requirements were prepared and | 16 | my jurisdiction to make sure that they did their |
| 17 | given to IT. I did implementing and testing of | 17 | work on a timely basis. Hire new examiners, take |
| 18 | any new enhancements, developed new reports. | 18 | disciplinary action against examiners. |
| 19 | Q How long did you -- you were in that | 19 | Q Who did you report to, it might have |
| 20 | position for how long? | 20 | changed over time, but initially? |
| 21 | A I was in that position until for five or | 21 | A Ester Keplinger. |
| 22 | six years. At that point, I became a SPE. | 22 | Q Can you spell the last name? |
| Page 17 | | Page 19 | |
| 1 | Q What group were you a SPE in? | 1 | A I can try. K-E-P-L-I-N-G-E-R. |
| 2 | A 280. | 2 | Q Did you report to anyone else besides |
| 3 | Q What was the technology -- | 3 | her? |
| 4 | A Semiconductors. | 4 | A I may have but I don't remember. |
| 5 | Q And how long did you hold your position | 5 | Q And when you were a SPE and 280, who did |
| 6 | as a SPE? | 6 | you report to? |
| 7 | A I held my position as a SPE until six or | 7 | A I knew you were going to ask me that and |
| 8 | seven years until I became a director. | 8 | I do not remember. |
| 9 | Q And art group director? | 9 | Q Okay that's fine. Do you recall when, if |
| 10 | A Technology center director, yes. | 10 | ever, you became involved in or became familiar |
| 11 | Q And that was for 2800? | 11 | with Mr. Hyatt's patent applications? |
| 12 | A Yes, it was. | 12 | A I don't recall specifically when I |
| 13 | Q So, that would have been -- | 13 | became aware of them, no. |
| 14 | A About 1997, 1998 somewhere in there. | 14 | Q Can you give me a ball park date? |
| 15 | Q And how long did you hold that position? | 15 | A Maybe in the mid-90s, maybe early in the |
| 16 | A Until I retired from the PTO in 2003. | 16 | early 90s. |
| 17 | Q What have you done since your retirement | 17 | Q And what did you know about his |
| 18 | from the PTO in 2003? | 18 | applications at the time? |
| 19 | A I worked 12 years for Fish and | 19 | A That they were pending in the office for |
| 20 | Richardson as a administrator. | 20 | a long time. |
| 21 | Q So, that was until approximately 2015? | 21 | Q Anything else? |
| 22 | A Yes. | 22 | A No. |
| Page 18 | | Page 20 | |

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| 1 | Q After you became aware of his | 1 | knew at the time. |
| 2 | applications, did you ever learn any additional | 2 | Q Okay. So, in those weekly meetings with |
| 3 | information about them while working at the USPTO? | 3 | the TC director's, the subject of Mr. Hyatt's |
| 4 | A No. | 4 | applications came up? |
| 5 | Q Have you ever read any of Mr. Hyatt's | 5 | A Yes. |
| 6 | applications? | 6 | Q And what was the discussions of those |
| 7 | A I have not. | 7 | applications? |
| 8 | Q Have you ever looked at any of his | 8 | A Just that they were pending a long time |
| 9 | claims? | 9 | and that we should be careful as to what happens |
| 10 | A I have not. | 10 | to those. |
| 11 | Q Other than you work in this case, are | 11 | Q Did anyone explain what they meant by, |
| 12 | you familiar with any law suits he's ever filed? | 12 | be careful? |
| 13 | A No, I'm not. | 13 | A They probably did but I don't recall the |
| 14 | Q Have you ever supervised anybody who has | 14 | specifics of any explanations. |
| 15 | worked on his applications? | 15 | Q Were there any other discussions of Mr. |
| 16 | A Well, the one case that was an examiner | 16 | Hyatt's applications that you recollect? |
| 17 | that I supervised. | 17 | A No. |
| 18 | Q Do you recall what that case was? | 18 | Q Is there any discussions of Mr. Hyatt as |
| 19 | A No. | 19 | an applicant that you recollect? |
| 20 | Q Do you remember which examiner you | 20 | A No. |
| 21 | supervised who worked on a case for Mr. Hyatt? | 21 | Q Are you familiar with the term submarine |
| 22 | A Mike Shingleton. | 22 | patent application? |
| Page 21 | | Page 23 | |
| 1 | Q Did Mr. Shingleton ever discuss Mr. | 1 | A Yes, I am. |
| 2 | Hyatt's case with you? | 2 | Q What does that mean to you? |
| 3 | A No. | 3 | A It means a patent application has been |
| 4 | Q Did you ever hear anybody in the office | 4 | pending a very long time in the patent office and |
| 5 | discuss Mr. Hyatt's patent applications? | 5 | that if it issues it would disrupt the industry. |
| 6 | A Yes. | 6 | Q Did you ever hear anyone refer to Mr. |
| 7 | Q Who was that? | 7 | Hyatt as having submarine patent applications? |
| 8 | A Wil Hour in the meeting of the | 8 | A Yes. |
| 9 | directors. | 9 | Q When was that? |
| 10 | Q I'm sorry, Wil Hour? | 10 | A The same, the early 90s to mid-95s. I |
| 11 | A Yes. | 11 | don't recall specifically when. |
| 12 | Q What does that mean? | 12 | Q And what, if anything, during your |
| 13 | A It was a nickname given to the | 13 | tenure at the USPTO did the USPTO do to handle |
| 14 | technology center's directors who would meet every | 14 | submarine patent applications? |
| 15 | week as kind of a staff meeting. The subject was | 15 | A They developed a program called SAWS. |
| 16 | brought up at that time. | 16 | Q And was that intended to deal |
| 17 | Q W-I-L-L? | 17 | specifically with the problem of submarine |
| 18 | A W-I-L. | 18 | applications? |
| 19 | Q Was that an acronym? | 19 | A It was intended to deal with any |
| 20 | A Yes. | 20 | sensitive applications including submarine |
| 21 | Q What did it stand for? | 21 | applications. |
| 22 | A I have no idea. I do not remember, I | 22 | Q What, if any, other applications are |
| Page 22 | | Page 24 | |

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| 1 | deemed sensitive? | 1 | MS. STEWART: Okay. What are those |
| 2 | A Anything, from my recollection, anything | 2 | opinions? |
| 3 | that may be politically embarrassing to the | 3 | MR. LEVINE: When I make a regular |
| 4 | office. | 4 | objection, if I don't instruct you not to answer |
| 5 | Q Do you know whether Mr. Hyatt's | 5 | anything, just answer the question. I'm just |
| 6 | applications were included in the SAWS program? | 6 | making an objection for the record. |
| 7 | A I believe they were. | 7 | THE WITNESS: Okay. My opinion is that |
| 8 | Q And what do you base that knowledge on? | 8 | they didn't do a very good job of resolving the |
| 9 | A The fact that they were pending such a | 9 | issues in those cases. |
| 10 | significantly long time in the office. | 10 | BY MS. STEWART: |
| 11 | Q Did the office continue to examine | 11 | Q And what do you base that opinion on? |
| 12 | applications in the SAWS program? | 12 | A The transaction history. |
| 13 | A I'm not sure. | 13 | Q Did you review, I think I asked you |
| 14 | Q Do you have any personal knowledge of | 14 | earlier, you reviewed the transaction history but |
| 15 | how the SAWS program affected examination | 15 | you didn't review any portions of the file |
| 16 | procedures at the office? | 16 | history, is that correct? |
| 17 | A I do not. | 17 | MR. LEVINE: Objection. The documents |
| 18 | Q Did you have any experience with the | 18 | he reviewed, you didn't ask him that question but |
| 19 | transitional rules applying to pre GAT | 19 | any documents that he reviewed are considered work |
| 20 | applications? | 20 | product. |
| 21 | A I don't think so, no. I mean, I went | 21 | MS. STEWART: Well if he basis his |
| 22 | through that time period. | 22 | opinion that the office didn't do a good job on |
| Page 25 | | Page 27 | |
| 1 | Q So, you're not familiar with any | 1 | it, then I'm allowed to understand the basis of |
| 2 | transitional rules that were applicable to the | 2 | his opinion. |
| 3 | applications that were filed before GAT came into | 3 | MR. LEVINE: He's not being offered as |
| 4 | effect but were pending -- | 4 | an expert witness. |
| 5 | A I don't remember specifically any of the | 5 | MS. STEWART: He's not going to be |
| 6 | rules that were in place. | 6 | testifying to any opinions about how the office |
| 7 | MR. LEVINE: I just want to caution you | 7 | handled the case? |
| 8 | that, and you're doing a good job at it, let her | 8 | MR. LEVINE: Only to the case that he |
| 9 | finish her question before you answer. | 9 | has personal knowledge of those things at the time |
| 10 | THE WITNESS: Sure. | 10 | that he was working at the USPTO. He's not |
| 11 | MS. STEWART: That way the court | 11 | reviewing documents and providing post hoc |
| 12 | reporter can get both the question and the answer | 12 | opinions based upon anything like that. |
| 13 | down. If we talk at the same time then it makes it | 13 | BY MS. STEWART: |
| 14 | difficult to do the transcript. | 14 | Q Did you have an opinion while you were |
| 15 | BY MS. STEWART: | 15 | working at the USPTO regarding how the USPTO had |
| 16 | Q Based on the consulting work you've done | 16 | handled Mr. Hyatt's applications? |
| 17 | in the case and your experience at the USPTO, have | 17 | A No, not that I can recall. |
| 18 | you formed any opinions on how the USPTO handled | 18 | Q While you were at the PTO, did you ever |
| 19 | Mr. Hyatt's applications? | 19 | have any experience working with bulk filers? |
| 20 | A Yes. | 20 | A Yes. |
| 21 | MR. LEVINE: I'm going to object to the | 21 | Q What was that experience? |
| 22 | form of that question. | 22 | A My art unit handled some Lemelson cases. |
| Page 26 | | Page 28 | |

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| 1 | Q And did you personally work on any of | 1 | A Yes. |
| 2 | those cases? | 2 | Q What do you base that opinion on? |
| 3 | A I personally reviewed those cases, yes. | 3 | A Just my general knowledge of how |
| 4 | Q Will you be offering testimony regarding | 4 | prosecution is supposed to work. |
| 5 | your handling of bulk filer cases? | 5 | Q And what is your opinion of how the |
| 6 | A I'm not sure. | 6 | office handled Mr. Lemelson's cases? |
| 7 | Q Have you discussed your handling of bulk | 7 | A That they didn't do a very good job in |
| 8 | filer cases with anyone working for Mr. Hyatt? | 8 | compact prosecution on those cases. |
| 9 | A Yes. | 9 | Q Did you work on any bulk filer cases -- |
| 10 | Q Can you describe your work on the | 10 | A Not that I can remember. |
| 11 | Lemelson cases? | 11 | Q You've got to let me finish. |
| 12 | A The case was, I don't remember the | 12 | A I'm sorry. |
| 13 | specific subject matter but it was a case that we | 13 | Q Did you work on any other bulk filer |
| 14 | took to the Board of Appeals because the applicant | 14 | cases other than the one we just discussed |
| 15 | was arguing the meaning of a term that gained new | 15 | relating filed by Mr. Lemelson? |
| 16 | meanings over the time that the application was in | 16 | A I may have but I don't remember. |
| 17 | the office. | 17 | Q As an examiner, did you ever examine any |
| 18 | Q Do you recall any other involvement in | 18 | cases that had more than 250 claims? |
| 19 | those cases? | 19 | A I examined cases with a large number of |
| 20 | A No. | 20 | claims but I don't specifically remember whether |
| 21 | Q And were the examiner in any of those | 21 | there were more than 250. |
| 22 | cases? | 22 | Q Did you ever examine any cases where |
| Page 29 | | Page 31 | |
| 1 | A I don't think so, no. | 1 | there were anywhere between 100 and 400 related |
| 2 | Q Did you supervise any of the examiners? | 2 | applications? |
| 3 | A Yes. | 3 | MR. LEVINE: Object to the form. |
| 4 | Q And approximately how many cases -- | 4 | THE WITNESS: I examined cases that were |
| 5 | A That's the only case that comes to mind? | 5 | related but I don't have any clue as to how many |
| 6 | Q Do you have recollection about the | 6 | relationships there were. |
| 7 | Lemelson cases, at least with respect to one case? | 7 | BY MS. STEWART: |
| 8 | A Yes. | 8 | Q Were you ever in a position where you |
| 9 | MR. LEVINE: Just for the record, by | 9 | had to compare the claims and more than 100 cases |
| 10 | case you mean application? | 10 | in order to examine -- |
| 11 | THE WITNESS: Yes, application. | 11 | A Not that I can remember. |
| 12 | BY MS. STEWART: | 12 | Q In order to examine a particular |
| 13 | Q Do you have any other knowledge of how | 13 | application? |
| 14 | the office handled the Lemelson cases? | 14 | A Not that I can remember. I apologize. |
| 15 | A Nothing specific. | 15 | Q That's all right. What is your |
| 16 | Q What do you remember? | 16 | understanding of compact prosecution? |
| 17 | A That Lemelson also had cases that were | 17 | A My understanding of compact prosecution |
| 18 | being prosecuted over a long length of time. | 18 | is you search the case, you explain the rejection |
| 19 | Q Did you form an opinion as to whether | 19 | as necessary. You present the applicant with an |
| 20 | the office handled his cases properly? | 20 | office action. You take the case to the final |
| 21 | A Not at that time, no. | 21 | rejection after the response. If the response to |
| 22 | Q Do you have an opinion now? | 22 | the final rejection is you can then make a |
| Page 30 | | Page 32 | |

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| 1 | determination of whether you're going to the Board | 1 | that situation? |
| 2 | or you're going to allow the case. | 2 | MR. LEVINE: Objection, same objection. |
| 3 | Q And then how would you handle the | 3 | THE WITNESS: You would examine the |
| 4 | situation if the applicant amended the majority of | 4 | amended claims. |
| 5 | the claims after the first office action? | 5 | BY MS. STEWART: |
| 6 | MR. LEVINE: Objection, that's quite the | 6 | Q And in terms of compact prosecution, |
| 7 | hypothetical. | 7 | does that mean you make every possible substantive |
| 8 | MS. STEWART: That's not really an | 8 | and technical objection available to you at the |
| 9 | objection. It's a comment which is coaching the | 9 | time? |
| 10 | witness which is inappropriate. | 10 | A You make -- if a rejection is called for |
| 11 | MR. LEVINE: I'm not coaching the | 11 | you would make that rejection, yes. |
| 12 | witness and stop insinuating that I'm coaching the | 12 | Q And what if there are multiple |
| 13 | witness. You've asked him a very open ended | 13 | rejections. For example, I'll just give you |
| 14 | hypothetical question. Do not insinuate -- | 14 | another hypothetical. With respect to, we'll just |
| 15 | MS. STEWART: Then make the proper | 15 | use the independent claims. So, the 50 |
| 16 | objection. | 16 | independent claims and you've got anticipation -- |
| 17 | MR. LEVINE: Objection, calls for | 17 | 112 paragraph 1, 112 paragraph 2 and you also have |
| 18 | hypothetical. | 18 | potential problems with multiple inventions and |
| 19 | MS. STEWART: That's not an objection. | 19 | double patenting and you have a divergence of |
| 20 | MR. LEVINE: Yes, it is. | 20 | inventions so you could have to apply different |
| 21 | MS. STEWART: You're allowed to ask the | 21 | standards against each independent claim. Would |
| 22 | witness a hypothetical question at a position. | 22 | you make every single, solitary rejection to those |
| Page 33 | | Page 35 | |
| 1 | MR. LEVINE: And I'm allowed to object | 1 | fifty independent claims? |
| 2 | to that. Go ahead. | 2 | MR. LEVINE: Objection, calls for |
| 3 | MS. STEWART: -- any basis for such an | 3 | hypothetical. |
| 4 | objection. | 4 | THE WITNESS: If I were, as an examiner, |
| 5 | BY MS. STEWART: | 5 | that's what you're required to do, yes. |
| 6 | Q Mr. Hille, so we talked about compact | 6 | BY MS. STEWART: |
| 7 | prosecution. | 7 | Q So, it's your understanding of the |
| 8 | A Right. | 8 | requirements for examination that you have to make |
| 9 | Q And you said when the claims come in, | 9 | every single, solitary possible -- excuse me. |
| 10 | you search the case, you make the rejection, you | 10 | It's your understanding of the requirements for |
| 11 | have a response from the applicant, you make a | 11 | examination that you have to make every single |
| 12 | final rejection and it either goes to the Board or | 12 | possible rejection available to you in writing an |
| 13 | you allow the case. | 13 | office action, no matter the complexity of the |
| 14 | A Right. | 14 | case? |
| 15 | Q That's in a nutshell. | 15 | MR. LEVINE: Objection, same objection. |
| 16 | A A nutshell. | 16 | THE WITNESS: Yes. |
| 17 | Q So, if you have a situation like that | 17 | BY MS. STEWART: |
| 18 | and let's say there are a hundred claims pending | 18 | Q Are you aware of what rule or MPEP |
| 19 | and let's say fifty of them are independent | 19 | provision requires that? |
| 20 | claims. The applicant comes back after the | 20 | A I certainly don't remember what rule |
| 21 | initial office action and he amends substantially | 21 | requires that. |
| 22 | all of his independent claims. How would handle | 22 | Q If you do a prior art search and you |
| Page 34 | | Page 36 | |

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| 1 | come up with multiple pieces of prior art, are you | 1 | BY MS. STEWART: |
| 2 | required to assert all the prior art you find | 2 | Q What if you had a situation where the |
| 3 | against this specific claim? | 3 | particular reference might have been a good |
| 4 | MR. LEVINE: Objection, calls for | 4 | reference for many of the claimed elements but |
| 5 | hypothetical. | 5 | perhaps wasn't the strongest reference on the |
| 6 | THE WITNESS: No, I'd use the best prior | 6 | particular claimed element that was the subject of |
| 7 | art I had. | 7 | the Board's decision reversing their rejection. |
| 8 | BY MS. STEWART: | 8 | But do you then consider applying having further |
| 9 | Q And if you make a rejection based on | 9 | examination to apply the other art if it wasn't |
| 10 | that prior art and the Board reverses that | 10 | cumulative in that way? |
| 11 | rejection, what do you next? | 11 | A Quite honestly, I wouldn't relook at the |
| 12 | MR. LEVINE: Same objection. | 12 | case, I would allow the case. |
| 13 | THE WITNESS: Allow the case. | 13 | Q So, if you believe that based on other |
| 14 | BY MS. STEWART: | 14 | art that the claims were not allowable so long as |
| 15 | Q Do you ever apply other art that you may | 15 | it has been to the Board once and the rejection |
| 16 | have in the file? | 16 | has been reversed, you would allow the case? |
| 17 | MR. LEVINE: Same objection. | 17 | A That's not a proper statement. |
| 18 | THE WITNESS: No, because it has already | 18 | Q Okay. |
| 19 | been considered. | 19 | A The proper statement is the Board has |
| 20 | BY MS. STEWART: | 20 | reviewed the case, the Board has reviewed all of |
| 21 | Q So, just to make sure I understand your | 21 | the art in the case. The Board wanted to make a |
| 22 | testimony, if you have two pieces of prior art | 22 | new rejection, they had an opportunity to make a |
| Page 37 | | Page 39 | |
| 1 | that are different and you choose to apply one, | 1 | new rejection with different art, they reversed |
| 2 | the best one, how is the second piece been | 2 | the examiner, then I feel that that case is |
| 3 | considered. | 3 | allowable and it should go to be a patent. |
| 4 | MR. LEVINE: Objection, same objection. | 4 | Q So, you're not aware of any situations |
| 5 | It would help if she's going to answer this | 5 | where it is appropriate to reopen prosecution |
| 6 | question to, it's fine I'm just objecting for the | 6 | after a Board appeal? |
| 7 | record if you wait like one or two seconds after | 7 | A There may be some situations but they |
| 8 | she gets done asking and then you guys won't cross | 8 | should be very rare. |
| 9 | talk and then you can answer the question. Go | 9 | Q Did you ever have an occasion to work on |
| 10 | ahead. | 10 | additional prosecution after a Board appeal? |
| 11 | THE WITNESS: Okay. The two pieces of | 11 | A There were probably some cases that were |
| 12 | prior art, I don't see how they can that | 12 | brought to me by, the SPE's would have to bring |
| 13 | different. | 13 | the case to me if we were going to reopen it. |
| 14 | BY MS. STEWART: | 14 | There were probably some cases but again, it was |
| 15 | Q So, you're assuming that one piece of | 15 | quite rare for that to happen. |
| 16 | art was cumulative of the other? | 16 | Q So, it would need to be an extraordinary |
| 17 | A Yes. | 17 | situation? |
| 18 | MR. LEVINE: Objection, same objection. | 18 | A Yes. |
| 19 | Can I just get a continuing line of objection to | 19 | Q Do you remember the circumstances of any |
| 20 | these questions? | 20 | of those cases that you worked on that were |
| 21 | MS. STEWART: Sure, please. | 21 | reopened? |
| 22 | MR. LEVINE: Thank you. | 22 | A Not specifically. |
| Page 38 | | Page 40 | |

Hile

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| 1 | Q When you were working as a SPE, did you | 1 | CERTIFICATE OF NOTARY PUBLIC |
| 2 | ever give any of your examiners other time for | 2 | DISTRICT OF COLUMBIA |
| 3 | examining cases that were more complex? | 3 | I, Carleton J. Anderson, III, notary |
| 4 | A Yes. | 4 | public in and for the District of Columbia, do |
| 5 | Q How did that work? | 5 | hereby certify that the forgoing PROCEEDING was |
| 6 | A They would come to me and say this is a | 6 | duly recorded and thereafter reduced to print under |
| 7 | very complex case is it possible to get some extra | 7 | my direction; that the witnesses were sworn to tell |
| 8 | time to examine it. | 8 | the truth under penalty of perjury; that said |
| 9 | Q And how often did that happen during | 9 | transcript is a true record of the testimony given |
| 10 | your time as a supervisor? | 10 | by witnesses; that I am neither counsel for, |
| 11 | A Rarely. | 11 | related to, nor employed by any of the parties to |
| 12 | Q So, you rarely dealt with complex cases | 12 | the action in which this proceeding was called; |
| 13 | that required more time? | 13 | and, furthermore, that I am not a relative or |
| 14 | A Yes. | 14 | employee of any attorney or counsel employed by the |
| 15 | Q Do you know what the subject matter of | 15 | parties hereto, nor financially or otherwise |
| 16 | your testimony in this case would be? | 16 | interested in the outcome of this action. |
| 17 | A No. | 17 | |
| 18 | MS. STEWART: Why don't we take a | 18 | |
| 19 | bathroom break and I'm going to review my notes | 19 | (Signature and Seal on File) |
| 20 | and see what, if any, other questions I might | 20 | ----- |
| 21 | have. | 21 | Notary Public, in and for the District of Columbia |
| 22 | MR. LEVINE: Okay good. | 22 | My Commission Expires: March 31, 2021 |
| Page 41 | | Page 43 | |
| 1 | (Whereupon, at 10:43 a.m., the | | |
| 2 | deposition of ROLF HILLE was | | |
| 3 | adjourned.) | | |
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Exhibit NN

